

ROYAL GRAIN
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MONDAY, MAY 26th, 1924.

MORNING SESSION.

MR. WOODS: I wish to refer first to the Order in Council approving of the ~~present~~ schedule of the bylaw fixing the present tariff of rates at the Harbour Commissioners' Elevator, Mr. Chairman. The tariff of rates was not handed in. It is in The Canada Gazette of February 23rd, 1924, at p. 2984, and with your permission I will read the relevant portion of that Order-in-Council:-

"Tuesday, the 20th day of November, 1923.

"... Whereas there have been submitted for confirmation by the Governor General in Council, as required by the provisions of section 20 of chapter 54 of the Statutes of 1913, 'The Vancouver Harbour Commissioners Act', the attached bylaws of the Vancouver Harbour Commissioners, viz.:-"

Then there are a number of bylaws, including Bylaw No. 113, which repeals bylaws numbered 113 and 113A, fixing the salaries to be paid to the officers and employees of the corporation and providing for a new scale of salaries for those officers and employees. Then an extract from Minutes of meeting of Vancouver Harbour Commissioners held on July 27th, 1923, resolving "That subsection of section 2, bylaw 124, determining cargo rate on grain, be and is hereby repealed and the following substituted in its stead: 'Grain, bulk or sacked, per ton of 2000 lbs., 10c.'" Bylaw No. 125 provides for a tariff of rates for the services of the Commissioners' Grain Elevator system. You see, at the beginning there are a lot of bylaws

MONDAY, MAY 26th, 1924.

MORNING SESSION.

MR. WOODS: I wish to refer first to the Order in Council approving of the various schedules of the Bylaw fixing the present tariff of rates at the Harbour Commissioners' Elevator, Mr. Chairman. The tariff of rates was not handed in. It is in the Canada Gazette of February 23rd, 1924, at p. 2384, and with your permission I will read the relevant portion of that Order-in-Council:-

"Whereas there have been submitted for consideration by the Governor General in Council, as required by the provisions of section 20 of chapter 24 of the Statutes of 1912, 'The Vancouver Harbour Commissioners Act', the attached bylaws of the Vancouver Harbour Commission, viz.:-"

Then there are a number of bylaws, including Bylaw No. 113, which repeal bylaws numbered 112 and 113A, fixing the salaries to be paid to the officers and employees of the corporation and providing for a new scale of salaries for those officers and employees. Then an extract from Minutes of meeting of Vancouver Harbour Commissioners held on July 27th, 1923, resolving "That subsection of section 2, Bylaw 134, determining cargo rate on grain, be and is hereby repealed and the following substituted in its stead: 'Grain, bulk or sacked, per ton of 2000 lbs., 10c.'"

Bylaw No. 135 provides for a tariff of rates for the services of the Commissioners' Grain Elevator system.

You see, at the beginning there are a lot of bylaws

mentioned, and after this:-

"And whereas the Acting Minister of Marine & Fisheries states that the Inspector of Harbour Commissioners has examined the provisions of these bylaws; that he reports that the bylaws are within the powers of enactment conferred on the Corporation by the provisions of the legislation from which they take their authority; that he sees no objection to their effect from a Departmental standpoint; and he consequently recommends their confirmation, in which recommendation the Deputy Minister of Marine & Fisheries concurs;

"Therefore his Excellency the Governor General in Council, on the recommendation of the Acting Minister of Marine and Fisheries, is pleased to confirm the said bylaws and the same are hereby confirmed accordingly." The charges of grain are there set out, as well as the other bylaw."

I am calling the attention of the Commission to it by reason of the anomaly that exists: the provisions and terms of the Order in Council which requires this elevator to be run as a public terminal elevator under The Canada Grain Act, and the fact that under The Canada Grain Act these tariffs are fixed by the Board of Grain Commissioners; and then we have this Order in Council, purporting to be made under the authority of that section, and the Inspector of Harbour Commissioners examining the provisions of the bylaws and saying that they are within the powers of the Commissioners.

Then, Mr. Chairman, in order to save time: I was examining Mr. Crawford on Friday in connection with a statement covering certain months showing the average dockage per ear into the elevator on ears containing

deckage, and you remember we came to the figure under the word "Deckage": for instance, in September there were: a number of cars unloaded, 124; deckage 146½; number of straight cars, 134; number of deckage cars, 190; and then "Per cent., 1.62". And as to what that figure "146" and the similar figures meant, Mr. Crawford explained to me -perhaps I was dull in not understanding it- that it meant that the deckages on all the certificates of cars carrying deckage had been added together. Supposing one car carried 2, another 3½, another 4½, another 5½, that is all added together and then that total is divided by the number of cars carrying deckage, that is 90, which gives the percentage of 1.62. It is a sort of an average percentage. It is of course not a weighted average, because it does not take into account the number of bushels in the car; but of course, as you will keep in mind, the cars coming in are all of a standard variety and have an equal number of bushels, they are either 1500 bushels, or the smaller cars are 1000-bushel cars. Well then, you see, that variance, because of the similarity of the number of bushels in the cars, would come within the principle that, I think, Dr. MacGibbon referred to at the head of the Lakes, to Mr. Pitblado, of the rule of the mean square standard differential.

THE CHAIRMAN: Deviation.

MR. WOODS: Deviation, the difference being so small. You have the same standard number of bushels in the cars, and therefore this deckage is worked out in that way. That is the way, I understand, that they find the average deckage. With that explanation, Mr. Chairman, I put in this statement, a statement showing the average deckage during the month of September and through to April inclusive.

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MR. COMMISSIONER MAGGIDSON: In that period these cars were all the cars carrying dockage.

THE CHAIRMAN: These were all cars carrying dockage, as well as the straight cars.

MR. WOODS: There is a considerable majority of the cars coming in that carry dockage, and the average percentage of dockage they carry, I would think, would run somewhere under 2 per cent. I will hand it to you.

THE CHAIRMAN: The first month happens to be the lowest of them all, I see.

MR. WOODS: Oh yes, because it is just the beginning of the crop season. I put in also a letter from the Vancouver Harbour Commissioners to Mr. McLean authorising him to advance grain against bills of lading instead of requiring---

THE CHAIRMAN: What date is that?

MR. WOODS: 26th October, 1923, Mr. Chairman. "In order to expedite the movement of grain, the Harbour Commissioners are decided to authorise you to advance grain/bills of lading when you have received letter of indemnity accompanied by a satisfactory bond or bank guarantee. This is in confirmation of advice which, I understand, has been verbally given you. Yours truly, W. D. Harvie, Secretary". (Ex. 24).

Mr. McLean gave me a form of letter, a typical one; and from one of the firms of shippers here, it happens to me Messrs. Vernon & Buckerfield, and is dated April 14th, 1924. It is addressed to "The Vancouver Harbour Commissioners, Vancouver." "We hereby guarantee to protect the Vancouver Harbour Commissioners' Elevator No. 1 and the Board of Grain Commissioners for Canada against any loss on grain loaded out by them for our account on shipments on which sufficient amounts of grain as represented by

warehouse receipts have not been surrendered and where grain may be loaned to complete such shipments on delivery by us to the Vancouver Harbour Commissioners' Elevator of bills of lading of cars containing sufficient grain of equal weight and grade to the amount loaned us for loading. This guarantee also covers loss by fire or accident of such cars, and protects the Vancouver Harbour Commissioners and the Board of Grain Commissioners against any and all claims, demands, and damage that may arise by reason of such loss, including demurrage by either rail or boat. This is to remain in force until the end of the crop year, July 31st, 1923. Yours truly, Vernon M. Buckerfield."

There is also handed in the form that the shipper hands in to the Vancouver Harbour Commissioners when they are loading out a boat: "We herewith enclose documents as listed below, for which please ship for our account as follows:" and then there are columns for the Warehouse Receipt, for the Grade, the Amount; and an acknowledgment of the Vancouver Harbour Commissioners of the receipt of these warehouse receipts. Mr. McLean tells me that what happens, when they ship on bills of lading they strike out "Warehouse Receipts" and put "Bills of Lading" up above. Now, that is that.

There are a few other letters here that I asked Mr. McLean to produce, that he has handed me and that may be put in as a part of his testimony. One is a letter to him on November 16th, 1923.

THE CHAIRMAN: From whom?

MR. WOODS: From the Board of Harbour Commissioners, saying,

"Please be advised that Commissioner R. E. Heattie has been appointed and has today taken up the duties of General Superintendent ^{at} of the Port."

Then there is the original and his copy of the letter

to which he referred in evidence, dated 27th February, 1924. The original of the letter to him, or memorandum to him, is just as he read it in evidence.

"Memorandum for Mr. Colin McLean.

Effective immediately, permission for employment will be secured from me before any persons are engaged in any capacity. Notify all concerned in your department.

The only exclusion from this order is Longshore work ~~withdrawn~~ from Federation.

"R. E. Beattie,
General Superintendent."

Now on the 28th of February, 1924, Mr. McLean wrote back to Mr. Beattie the letter which he has referred to, and which, whether it was in or not, had better go in here; saying:

"Referring to your circular of the 27th instant, I called up your Mr. White who confirmed to me that it applied to all help employed by me in Elevator. In view of this, I wish to point out that it is owing to the liberty I have taken in this respect that I have been able to attain my present record, and rather than be deprived of same, I hereby place my resignation in your hands.

"I would appreciate the Board advising me when they can relieve me, and will be glad to give my successor all information I possess in order that he may be enabled to carry on the operations of the Elevator as efficiently as possible under the existing circumstances."

You will remember that the original was asked for from him.

Then from his files he also produces the letters, the telegrams of June 15th, 1923.

THE CHAIRMAN: From the Board?

MR. WOODS: From the Board. That was when he was appointed. June 15th, 1923. "Harbour Commissioners appointed you position of Superintendent of Grain Elevators at salary at rate of five thousand per annum. Please wire earliest date you can report for duty. W.D.Harvie, Sec'y. Vancouver Harbour Commissioners." Then apparently he must have wired that he could report in July some time, 3rd, of July, because on the 18th, of June this telegram comes to him from the ^{Secretary} ~~Secretary~~ of the Board; "Satisfactory if you arrange to report for duty third July. W. D. Harvie. Sec'y. Vancouver Harbour Commrs." Now you will remember there were some minutes to be produced of that meeting.

MR. FARRIS: I have the copies here.

MR. WOODS:

~~THE CHAIRMAN~~: Well I want the originals.

MR. FARRIS: Well we will produce these.

MR. WOODS: I would like to see the whole of the original. concerning all matters. Then there is another letter about Mr. Penfold's appointment Mr. McLean produces, addressed to him, dated the 13th of July, 1923, saying; "this will advise you that the Commissioners today appointed Mr. Harvey S. Penfold assistant to you and authorised you to name a weighman on the recommendation of Mr. Penfold.

I am notifying Mr. Penfold by telegram of his appointment."

INSPECTOR CRAWFORD recalled.

MR. WOODS: I completed my examination of Mr. Crawford. I understand my friend Mr. Van Allen has some questions.

MR. VAN ALLEN: Mr. Crawford, I understand that you inspect all the cargo samples going out? A: Yes, sir.

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Q. Have you found it necessary on any occasions to shut off the spouts, on account of the existing dockage?

A. In the house you mean?

Q. Yes. A: Yes, sir.

Q. Frequently. A: Oh I can't say any more frequently than any other terminal house or house handling that much grain, but quite a little bit.

Q. You have not had any unusual difficulty in that respect. A: No, sir.

Q. Has the situation in that respect improved in the last couple of months Mr. Crawford? A: Yes, it has.

Q. The grain has ~~being~~ been going out cleaner during the last two months; is that what you mean? A: ~~They~~ They have more cleaners in. We have not had the number of dirty bins to shut off.

Q. During what period was your difficulty in that respect the worst? In the middle of the winter, would you say? A: Well I came here in November. When I first came here, for a while I did not have much difficulty, and then after a while it began to come dirty and I got a couple of letters from the chief inspector telling me I would have to get the cargoes out a little cleaner or we would have to place a dockage on the cargoes; we did not want to do that.

THE CHAIRMAN: Does he mean Mr. Serls, by "the Chief Inspector"? A: Yes, sir.

MR. VAN ALLEN: And then I suppose you were obliged to make them clean a little better. A: Yes, sir.

Q. And you say that this situation as to dockage has been improved during the last couple of months? A: Yes.

Q. It has not been necessary to shut off the spouts as often? A: Not so many, no.

Q. Now Mr. Crawford you have samplers in the tunnel I suppose? A: Yes, sir.

Q. And samplers on the boat? A: No, sir.

Q. You don't take any samples on the boat? A: No, sir, the tunnel and the gallery.

Q. At what point in the gallery? A: The point where it comes from the shipping bin onto the spout leading to the boats, on to the belt leading to the boats.

THE CHAIRMAN: That is the same as in other terminals?

MR. WOODS: No, there is no gallery in other terminals.

MR. VAN ALLEN: They take the sample at the hold.

MR. WOODS: You remember the long gallery through which the belt runs. It is in that gallery that he mentions. I think there is only one at the head of the lake; That is at the Gillespie Elevator.

MR. VAN ALLEN: At any rate, Mr. Crawford, your samplers get samples in the tunnel as it runs from the bins? A: Yes, sir.

Q. On what is the main conveyor belt? A: Yes, sir.

Q. And they also get samples in the gallery upstairs?

A. Yes, sir.

Q. Has it ever been reported to you by your samplers that more than one grade has been running on the belt at one time?

A. No, sir.

Q. That has not been reported to you by your samplers?

A. No, sir.

MR. FARRIS: Mr. Crawford how long have you been an inspector?

A. Well I could not give you the date when I got my first papers. I have been on the staff for twenty-five years past.

I think I heard somebody say that you are next in seniority

to Mr. Scrls; is that correct? A: Very close, I presume, yes.

Q. You are an expert inspector are you not Mr. Crawford?

A. Oh, I hold inspectors papers. I don't claim to be any more an expert any other inspector.

Q. But you are an inspector? A: I am an inspector, yes.

Q. And you have inspected large quantities of grain in your lifetime under the Board of Grain Commissioners?

A. I don't know what you call large quantities. I have been called upon to inspect all I have been called upon to inspect.

Q. I suppose it is your custom to do your duty in the inspection of grain, is it not? A: I endeavor to do so, yes.

Q. It is your duty to see that no grain goes out that is not properly graded and the proper amount of dockage fixed?

A. Yes, sir.

Q. And have you carried out your duty at Vancouver?

A. I think so.

THE CHAIRMAN: He does not fix it. If there is too much dockage you stop it running? A: Yes, sir.

MR. FARRIS: In other words, you do not allow grain to go on to any boat with an improper amount of dockage in it?

A. There is times stuff will get away on you before the bin is shut off; some cases you can shut off the bin but before you can shut off the bin there is quite a bit of dirt taken on.

Q. What do you do under such circumstances? A: Anything that is gone you can't recall.

Q. What is your system of sampling and inspection?

A. You take a sample off the belt in the tunnel, and also another one in the gallery.

Q. Do you have the inspector right there where the samples are taken? A: No, sir the inspector visits back and forward through the gallery.

Q. Does not your inspector stay in the office? You have got an office down there near the elevator? A: Yes, sir.

Q. About how far from the elevator is that office?

A: Oh, as far as from here to this street, I presume, thereabouts.

Q. And when the samplers take a sample and in their mind they conclude that it is running dirty, what do you do then? A: Shut it off.

Q. And then what do you do? A: Bring the sample up as a rule and test it out.

Q. That is they take the sample from the elevator to the office? A: Yes, sir.

Q. And submit it to the inspector? A: Yes, sir.

Q. And the inspector there gives the inspection and advises them what the situation is? A: Yes, sir.

Q. If it is all right, it is allowed to continue to run?

A. Yes, sir.

Q. In the meantime the operations has been shut down as far as that particular bin is concerned? A: As far as that particular bin is concerned.

Q. It is not allowed to continue to run? A: Oh, yes, the belts are allowed to continue to run; another stream runs on if they have it there.

Q. If they have another stream ready A: Yes.

Q. Do you have another sampler to have another sample avail-

for your inspection? A: The ^{sampler} ~~bin~~ ~~is~~ ~~not~~ ~~that~~ ~~gallery~~.
~~there is a~~

Q. But you require two samples, do you not? A: We require two if we can get it, but if the sampler is up checking the sample ---

Q. Is it not a fact that it happens as much as a dozen times a day that your sampler takes a sample and has to go back to your office for an inspection to be made? A: Oh, very seldom a dozen times a day, I would say.

Q. It has happened as many as a dozen times a day? A: I have never kept a record of the number of times it has happened.

Q. But it happens quite frequently during the course of operations does it not? A: During the course of operations over the whole season, yes.

Q. Frequently during the average day? A: Oh, there is plenty of days it probably happens four or five times a day.

Q. I suppose it would take about how long for a sampler to go down from where he is taking a sample and submit the sample to you and get your report on it; about ten or fifteen minutes? A: Thereabouts, yes. Ten or fifteen minutes.

Q. So that the operation of that particular bin would be shut off on an average an hour every day would it not?

A. Oh, I can't say. When we shut off a bin that bin is shut down till it is cleaned again.

Q. But I suppose quite often you find ^{after} ~~that~~ your sampler brings it back it is all right, and you permit it to run?

A. Very seldom find it that way.

Q. But it does happen? A: Not very often I say.

Q. Has it not happened several times a day? A: No, sir, it has not.

Q. Now what is the method of your samplers taking the samples? What method do they use in taking the samples?

A: Grain is delivered along a belt, and they have a bucket concern, you just scoop it along across the belt. The same method is used in any house, I presume.

Q. I want to bring this out very very clearly Mr. Crawford. Suggestion has been made that grain has been going out of that elevator with dockage as high as 3 and 4% under your inspection. Could that happen without your knowledge and without your connivance? A: I don't see how it could.

MR. WOODS: You mean, were the suggestions made in evidence here?

MR. FARRIS: No, I say there have been suggestions.

MR. WOODS: You mean suggestions out side?

MR. FARRIS: Yes, so that any suggestion of that kind must be absolutely false? A: I would suppose so. I have never seen any grain going out with that amount of dockage.

Q. Now you have had Mr. McLean complain most bitterly to you from time to time? A: About what?

Q. About handicapping the operations of the elevator through your inspection system? A: Not from time to time. I believe he has approached me a couple of times on that, through letters.

Q. Has'nt he ever talked to you personally? A: Yes, he talked to me personally here a few weeks ago about sampling the cars. I told him that if he was prepared to hold these cars, if we should find any unevenly loaded, that I should be glad to do so. He told me it was absolutely impossible to hold the cars.

Q. In other words you could not do anything to assist him as the regulations now stand? A: I was always perfectly willing to do everything I could to assist him. I think Mr. McLean will ---

asked
Q. I ask you if you could do anything to assist him in view of the regulations? A: Not on that particular request, no, sir.

Q. In other words if he wanted the car held the sample would have to go back to Calgary, would it not Mr. Crawford, for reinspection there? A: If there were no "reinspect" marked on it, or no "hold" marked on it, no sir.

Q. You have only the right of changing or fixing the grade when it is marked "hold", or for reinspection? A: Yes, sir.

Q. Now would not that be greatly simplified by reinspection here at Vancouver? A: Give a reinspection here. At least the car has got to be held.

Q. The car has to be held until it goes back to Calgary?

A. Yes, sir it has.

Q. And if there are twenty or thirty or forty or fifty cars coming in that would mean holding up that many bins, would it not? A: It would.

Q. In other words the elevator operations here would accordingly suffer would they not? A: They are very likely to.

Q. And would not that be remedied by having a survey board or an inspector here in Vancouver who can reinspect on the ground in cases of disputes? A: You could not have an inspector here that could take action along these lines.

Q. I am not talking of as it now stands. I am asking you if the provision were made for an appeal Board or a survey

Beard here, if that time could not be saved, and in other words the operations facilitated through this part?

A. Yes it might, Yes sir.

Q. Now what has been your system in regard to charging overtime for inspection? A: When I first came in we charged the overtime up to the boats that we were working on. And later on we got a letter from the Commission saying that they were going to absorb the overtime.

Q. Which Commission? A: Board of Grain Commissioners.

Q. And the overtime is not now being charged? A: No.

Q. It was being charged originally? A: It was.

Q. Until complaints were made by the Harbour Commissioner in that respect. That continued for several months did it not? A: Collecting from the boats for several months?

Q. Yes, A: Yes, I presume somewhere in that neighborhood or thereabouts.

MR. WOODS: Do you see anything about any complaint or did you just get the order from the Board of Grain Commissioners?

A. I heard no complaint. Just got the order.

MR. FARRIS: There were a number.

MR. WOODS: Were there?

MR. FARRIS: I mean from the Commission.

MR. WOODS: It is always done at the Head of the Lakes.

MR. FARRIS: You have known Mr. Biernes, I suppose, for a long time, the house inspector at the elevator? A: The house inspector.

Q. I say you have known him personally? A: Yes, sir.

Q. In fact I think you are a brother-in-law aren't you?

A. Yes, sir.

Q. Now you say that conditions have improved in the last two months. Is it not a fact Mr. Crawford that more grain has come into the elevator, cleaned grain or marked cleaned grain in the last two months than in any previous two months?

A. I think not. Very small. It is pretty close. It might possibly be. I would not say that for a certant.

Q. Possibly a little more, possibly a little less? You would not be prepared to say? A: No I would not be prepared to say.

Q. The facilities of the elevator have been improved in the matter of cleaning facilities about seventy thousand bushels a day, have they not, in the month of April? A: I am not prepared to say what these cleaners can do in a day. There have been two new cleaners added in this house.

Q. And No. ~~three~~⁸ elevator has also being doing cleaning? that is used purely as a cleaning house? A: Yes.

Q. So that during the month of April the cleaning facilities were very greatly improved were they not? A: Ought to be yes -- these new cleaners added.

Q. And under normal conditions a much greater quantity of grain should have been able to go through the elevator than in any previous time? A: Oh, I don't know that. I understood the elevator was working up to a full capacity all the time. I don't know that the cleaners would swell the capacity any.

Q. You know if the grain is not clean and it is held up through the cleaner it cannot get through? A: It can't get through no sir.

Q. And it is a fact that during the month of April the cleaning facilities were very much improved? A: The

cleaning facilities were increased, yes.

Q. And it is also a fact that during that same period of time the operations of the elevator were very much slowed down? A: I don't know.

Q. You don't know about that? A: No, sir.

Q. Now Mr. Crawford you have been there in the elevator, you have some idea of what grain is going through?

A. We have not checked up very close on the cargoes going out. We have not checked up whether it has been slowed down to any great extent or not.

Q. Has it not slowed down during the month of April about two million bushels during that month? A: I could not say that.

Q. You haven't any idea? A: I have no record.

Q. I am asking you for your idea? You are a grain man and accustomed to observe these matters. You must have some idea of what is going through? A: I presume, the fact of the house being full of dirty grain, possibly it has slowed down.

Q. Has there been any more dirty grain in this period of time than any previous period? A: No, but I think it is a fact that when the carding system started they endeavored to pick the ^{straight} ~~straight~~ cars out when they had a beat in calling for that grade, I think they endeavored to pick the straight cars out.

THE CHAIRMAN: So as to ship it right out? A: Yes.

Q. And what was the effect of that? It would have the effect of speeding up the shipment, I would think.

MR. WOODS: You refer in one of your letters to the deckage being heavier than at the end of the shipping season?

A. Our records show that.

THE CHAIRMAN: That is the dockage coming in you mean?

A. Yes.

Q. That is the general rule, that at the end of the season the dockage is heavier? A: Yes, I believe it is.

MR. FARRIS: But you have already told me that in regard to the last two months that was not the condition here, that there was practically no difference in the amount of cleaning -- I said I didn't think there would be very much difference.

Q. So that that letter of yours does not apply to the situation in Vancouver in the last two months? A: It absolutely referred to the situation in Vancouver.

Q. Well how do you make that statement fit in with your present sworn statement here, namely that during the last two months there has been about the same amount of clean grain coming into the port as before? A: I don't remember making that statement, that there was the same amount of ~~xxx~~ grain coming in as before.

Q. I said ^{cleaned} ~~xxxx~~ grain. A: Cleaned grain?

Q. Oh, yes you have said it two or three times. A: I don't think ---

Q. You understand what cleaned grain is, of course? A: I think so.

Q. And when I asked you the question about cleaned grain you surely understand? You hear all right don't you Mr. Crawford?

A. I think so.

Q. And when I asked you about cleaned grain I think you understood what I ^{meant} ~~said~~? A: I think so.

Q. Then I ask you how you make your letter fit with your statement made to me a moment or two ago? A: What letter do you refer to?

Q. The letter which Mr. Woods had just referred to, that there was so much more dirty grain coming in at the end of the season?

MR. WOODS: Just get that letter, so we will get the terms of it. Now what standard do you have here to base the grading of No. 4 on? A: The standard supplied us from Winnipeg.

Q? That is, the standard prepared by the Standards Board?

A. By the Standards Board, yes.

Q. Now is it not a fact that the sample you have supplied by the Standards Board is the sample of a shrivelled or thin grade of wheat, Manitoba wheat? A: It is.

Q. And do you get any of that class of wheat going through Vancouver? A: No sir.

Q. Then how do you grade No. 4 in Vancouver? A: We have endeavoured to secure an average from the cars that were graded in Edmonton and Calgary, and we also preserve an average of the cargoes going out.

Q. You have no standard basis to grade No. 4 going out of Vancouver, Mr. Crawford, have you? A: Nothing only the standard supplied us from Winnipeg, as I have said.

Q. And that standard is no basis upon which to grade out No. 4 going through Vancouver? A. We never compare with that sample.

Q. In other words, you are not following the standard set by the Standards Board? A: Not in No. 4 grain, no sir.

THE CHAURMAN: When you have that, how do you determine whether it is 4 or something lower than 4?

WITNESS: I have never compared a shipping sample of No. 4 with any sample.

Q. Just use your own judgment?

A. Yes sir.

MR. FARRIS: You are familiar, I suppose, with the Canadian Grain Act. Do you study that and attempt to go by that?

A. O I don't know that I have made any great study of it.

Q. Under what rule or regulation or under what authority do you fix your own grade of No. 4 going out of Vancouver?

A. I have never taken the credit of fixing any grade for No. 4.

Q. But you have graded No. 4? A: It is graded No. 4 at Edmonton and Calgary.

Q. But I want to find out where this grading is fixed. Surely there is not just a haphazard grade according to any inspector's individual ideas of what should grade No. 4; because I want you to realize, Mr. Crawford, that this is a very serious matter.

A. This number 4 coming in has all been graded at Edmonton and Calgary.

Q. And do you mean to say that in Edmonton and Calgary they have no basis on which to grade No. 4 standard that goes through Vancouver?

A. I don't know, I am sure. I did not say anything of the kind.

Q. Well, you say that there is no grain that goes through Vancouver graded as No. 4 for which there is a standard set. A: We have a standard for No. 4.

Q. Does the grain coming through from Edmonton and Calgary graded as No. 4 compare with the standard you have here as No. 4 standard? A: It does not.

THE CHAIRMAN: Well, of course all the grain that comes here comes either from Calgary or Edmonton, and the inspectors there must be in the same situation that you are here, are they not? That is, they are handling the same wheat

that you do; they fix the No. 4 the same way you do here?

A. The same way as I do I presume.

MR. WOODS: The Standards Board's samples are sent to Edmonton and Calgary.

THE CHAIRMAN: The point is this. The Witness says the Standards Board sample No. 4 is of no use to him here. If it is of no use to him here, that must apply to the inspection at Edmonton and Calgary, because it is the same wheat, it is Alberta wheat; and if he can't use it when the Alberta wheat gets here, they can't use it in Edmonton and Calgary. . . .

MR. WOODS: I did not know that this matter was coming up, or I would have kept Mr. Serls here.

MR. FARRIS: Well, it was very difficult for me to keep in mind all the things that Mr. Serls might be interested in.

MR. WOODS: You have got a Standards Board sample of No. 4 have you?

WITNESS: Yes.

MR. FARRIS: It has been suggested that Vancouver is in no different situation than the Eastern situation, that all rules that are in force and effect for the benefit of the East are in effect here. I am bringing this to your attention for the purpose of urging the greater necessity of having a Commissioner, a member of the Grain Board, a resident of this district, a new member added, knowing conditions here, and that there shall be proper representation on the Standards Board; in other words, that the Standards Board itself be standardized by making grades which apply to the various parts of Canada.

THE CHAIRMAN: Yes, but you see the Standards Board has members on it from the various Provinces which produce this wheat.

MR. FARRIS: They have none from British Columbia.

MR. VAN ALLEN: Where is your wheat?

MR. FARRIS: It seems to me the Standards Board should have about two men from each of the four Provinces .

MR. WOODS: As a matter of fact the Standards Board, as I am instructed, is composed of people some of whom come from Vancouver, and the Chairman resides here, or the Vice- Chairman.

MR. FARRIS:
~~XXXXXXXXXXXX~~ What about Alberta on the Standards Board?

MR. VAN ALLEN: We have representatives on the Standards Board.

MR. FARRIS: You are quite satisfied with that, representing the province of Alberta?

THE CHAIRMAN: Do you remember who they are?

MR. VAN ALLEN: No I can't say who they are.

MR.ROBINSON: (Of the Board of Grain Commissioners) I am not quite certain who lives in Alberta, but Mr. Young will know that.

MR. WOODS: There is Fairfield, of Lethbridge; K.Campbell, a resident of Vancouver; Mc----, Strathcona; Carson, of Calgary; and Mr. Horn, of Winnipeg; I think he is here.

MR. FARRIS: Is it a fact that some of these are dead, Mr. Woods?

MR. WOODS: Some of them may be . I don't know.

MR. FARRIS: And some half dead.

MR. WOODS: The point is, the Standards Board has meetings at the beginning of the crop season to set the commercial

grades, and to a very large extent it is done under the advice of the Chief Inspector, and it is done after a good deal of deliberation; and if there was anything to be brought up about the Standards Board I think it is the Chief Inspector who would give us all the information about it, and you told me I could let Mr. Serls go away, and he has gone.

THE CHAIRMAN: While we are on this Mr. Woods; you see that commercial grades are provided by section 47 of the Act, and they refer to wheat which for some reason or other is disqualified from going into the contract grades. Therefore, it says, these other grades shall be established. Now some of this wheat may be No. 4 for one reason and some in No. 5 for another reason, and so on down. Now this year they say that all grain disqualified for a particular reason shall be in grade 4. Well, this inspector finds none. And they set the sample: apparently that is shrivelled grain: they set the sample, but he finds none of that sample. What right has he to make a New No.4? That is the point. If he finds nothing coming from Alberta corresponding with No. 4, then there is no No. 4.

MR. VAN ALLEN: That complaint would not naturally come from Vancouver or from the Vancouver Harbour Commissioners. That complaint, if there is any complaint, should come from us.

THE CHAIRMAN: Exporters who contract to sell No.4 and importers who buy No. 4 of course would have something to say about it, and the farmer whose wheat ought ---

MR. FARRIS: We have a good deal to say. This grain is coming into our elevator; we are entitled to know what we are responsible for.

THE CHAIRMAN: There is that. If grain is going in as No. 4 and not going out the same --- they find it is not No. 4 at all because the inspector says "it does not comply with the sample I have of No. 4", of course the elevator is in a very ^{peculiar} ~~peculiar~~ position.

MR. WOODS: Ask Mr. Crawford if anything like that happens. There seems to be some number 4 going out. Does he ever turn down any?

THE CHAIRMAN: Mr. Crawford tells us he can use his own judgment, and providing it is No. 4 ---

MR. WOODS: He says NO. 4 comes in from Edmonton and Calgary, quite obviously under the same handicap as he is suffering from. Now Mr. Crawford, do you remember turning down any that came in to the elevator as No. 4 when it was running on a shipment?

A: Yes, sir.

Q. How much? A: There was some difficulty about boat stuff that was run at night, on a release; the next morning, when I examined the sample, it looked only a very ordinary No. 5. I called the House Inspector up, Mr. Biernes, and we examined the sample, and he admitted it was only a No. 5. That is the only case.

Q. That was about the only case in which grain coming in as No. 4 did not go out as No. 4?

A. Yes.

MR. FARRIS: Supposing we gave you a warehouse certificate for No. 4, and supposing someone wants to catch the elevator, and produce out No. 4 certificate, and says, "Here, I want you to deliver me that grain in accordance with that certificate", and we cannot do it? Now, we do not want to be in that position.

THE CHAIRMAN: Yes, Well, there is a point there, all right, and it is very unfortunate it was not raised while we had the Chief Inspector here.--- All we can do is to have it looked into. Of course, I am not sure that it comes within the purview of these charges.

MR. WOODS: We could not anticipate everything.

THE CHAIRMAN: No. We are now investing Mr. Van Allen's charges, but now you have raised the point, supported by the evidence of the inspector we certainly intend to call the attention of the Inspection Department to it that is all we can do.

MR. FARRIS: You mentioned on Friday that there were some 659 cars that came in from West of Edmonton and Calgary?

A. Thereabouts, yes sir.

Q. These cars are inspected in Vancouver? A: Yes, sir.

Q. In case the shippers are dissatisfied with the inspection in Vancouver, what remedy have they? A: None except they make the protest before the cars are unloaded.

THE CHAIRMAN: You are on another point are you? Before you deal with anything further, Dr. MacGibbon would like to ask the witness a question about this.

MR. COMMISSIONER MACGIBBON: You know this publication, The Western Canada Grain Trade, Dawson & Richardson, a Dawson and Richardson publication? A: I don't think I ever saw it (The Commissioner read a definition of No. 4 to the effect that it shall be red spring wheat varieties excluded from No. 3 on account of damage from frost or weather, and include wheat containing not less than 7 and not more than 25% of frosted and green kernels)

Q. Would that grading of No.4 be similar to what you are

doing? A: Any more than we don't have anything to go by. We try to keep that fixed in our mind, try to keep the value of the wheat in our mind.

THE CHAIRMAN: Do you not get a sample? A: Practically we have no sample to compare it with at all.

Q. What I mean is, does the Chief Inspector send you, in addition to the sample he sends you, a written description of what the grade is? A: No.

Q. All you have is the sample? A: Yes.

Q. This is compiled by the Board? A: Yes.

MR. WOODS: You remember it is got from the Inspection Department.

THE CHAIRMAN: This ought to be a description of the sample. We will have the Secretary write to Mr. Serls on the matter.

MR. FARRIS: I was asking Mr. Crawford in reference to the 639 cars which you told us on Friday were shipped from West of Edmonton or Calgary and inspected in Vancouver?
A. Yes, sir.

Q. Now supposing the shippers from that part of the country want a survey of that grain, how could they get it?

A. By writing and making a request for a survey Board.

Q. There is no Survey Board in Vancouver? A: We would send a sample to Calgary and have it surveyed by the Calgary Survey Board provided the car was on track and had not been unloaded, but if the car was unloaded they would have no redress.

Q. Yes, but when do you take your sample here? A: As soon as the car arrives.

Q. And it is put right in the elevator within a few minutes afterwards? A: No it would have to be switched out of the yard.

It would likely go in the next day. "A few minutes" is cutting it rather fine.

Q. And the shipped West of Edmonton or Calgary, when would he know of that grade being fixed? A: As soon as he would get his certificate out.

Q. But the grain in the meantime would have gone into the elevator? A: After the grain has gone into the elevator he has no redress.

Q. You have charge of the inspection of the elevator. Is there any mixing being done in the elevator? A: Not that I knew of.

Q. And you would know if there was? A: Might not.

Q. You would be very lax in your duties if you did not know. A: Oh, I don't know whether you can apply that term to it or not.

Q. Do you take samples of all grain coming into the elevator?

A. No, sir.

Q. Don't you take a sample of every grade coming in, every car load coming in of each grade? A: No, sir.

Q. And don't you take samples of every bit of grain going out?

A. Yes, sir.

Q. Why should you not take your samples coming in? A: It has already been graded coming in.

Q. But if you are able to take an average sample of every car coming in, and you take an average of all these samples say of No. 1 Northern and compared with the samples going out of No. 1 Northern you would be able to tell whether or not there was any mixing being done? A: Oh, you might.

Q. Would you not now? A: In a house, any grain man will admit that you might do a little mixing of 1 and 2 Northern and mix it in so gingerly that an expert or inspector would

not find it or would not be able to say if it occurred.

I am not saying there is any mixing done, but I say it is possible there might be a little and we not know it.

Q. You don't think it? A: Oh, I don't think so, no sir.

I never made the accusation that there was.

Q. I never suggested you did, but I wanted to clear up some insinuations that have been made.

MR. WOODS: You have worked at the Lake Head? A: Yes.

Q. In connection with overtime, the overtime is charged to the shipped at the Lake Head? A: I have not worked at the Head of the Lakes for a great number of years, -- at the Canadian Head of the Lakes.

Q. You were at Superior? A: I was at Superior and Duluth in the past twenty-six years, till I came here; sixteen years when I came here.

Q. Is it charged to the shipper there or absorbed by the port? A: Well, we charged --- very very little overtime existed, and any time that we had to have any it was charged up to the boat.

MR. WOODS: That is the fact, that with regard to overtime at the Head of the Lakes it is charged to the ^{boat} Port, and here, since the making of the order by the Board of Grain Commissioners ^{which} to Mr. Crawford referred it is absorbed by the Board of Grain Commissioners.

MR. FARRIS: That is what Mr. Crawford states and I presume that is correct.

MR. WOODS: When was that order? A: I don't remember. We have a letter on file.

Q. But was it this year or last year? A: It was this year.

Q. Since the first of January? In March? A: Thereabouts

I would say, yes.

Q. So that here, when they have to take overtime when loading a boat, the Department, that is the Board of Grain Commissioners -- A: Yes, or the Inspection Department.

Q. Absorbs or pays for the overtime? A: Yes, sir.

Q. Whereas at the Head of the Lakes it is charged to the shipper? A: Yes, sir as far as I know.

Q. But as far as that is concerned the port is in a better position from the standpoint of cheap shipments than the Head of the Lakes? A: Yes.

MR. FARRIS: There is just one question I want to ask you with regard to the fees in No. 3 annex. What is the system adopted for charging fees when it goes through No. 3 annex? A: We charge inspection fees out of there.

Q. No. 3 annex is simply used as a cleaning place for No. 1 is it not? A: Yes, sir.

Q. How do you justify charging out of No. 3? A: Just by getting orders from the Chief Inspector to apply a fee coming out.

Q. Just a purely arbitrary rule? You have got your instructions and you are doing it. A: I have got my instructions and I am doing it.

MR. WOODS: I don't think that is fair. If he was going to ask these questions we should have had Mr. Berls here.

THE CHAIRMAN: I say again that there is nothing before us to give rise to this question that I can see.

MR. FARRIS: I asked my learned friend for certain certificates in regard to weighing and inspecting at Vancouver, which I think we might as well have put in.

EXHIBITS

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Mr. Crawford.
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MR. WOODS: Here is the return that my friend asked for, in this telegram. It is a return showing the expenditure of the inspection and weighing department at Vancouver, Calgary and Edmonton for the periods of September 1st, 1923 to March 31st, 1924. I might say I am not clear what this is about, but I will put that in as my learned friend asks for it.

THE CHAIRMAN: These returns are from the Board of Grain Commissioners?

MR. WOODS: Yes they are sent by the accountant. Then there is another return showing the revenue that has accrued at Vancouver, Calgary and Edmonton for the same period.

THE CHAIRMAN: Shows a surplus I suppose? ~~At this point~~

MR. WOODS: Oh, yes, there is a surplus over the expenses, a very considerable surplus.

THE CHAIRMAN: The revenue is comprised mainly, I suppose, of weighing and inspection fees?

MR. WOODS: Weighing and inspection fees.

THE CHAIRMAN: That is paid by the owners, the farmers.

MR. WOODS: Yes.

THE CHAIRMAN: What is the period in question?

MR. WOODS: From the 1st, of September 1923 to March 31st, 1924 in each case. There is a return showing the car inspected at Calgary and Edmonton during the same time. There were 28643 inspected at Calgary, of which 18,674 were billed and rebilled to Vancouver. At Edmonton there were 13077 inspected, of which 12551 were billed and rebilled to this point. (Filed as exhibit 26)

THE CHAIRMAN:- We know there is a large surplus in Canada of revenue over expenditure. I think it exceeds \$250,000.00

MR. WOODS: \$339,459.00 .

MR. FARRIS: I think there was something like a million dollars surplus in the last three or four years.

THE CHAIRMAN: What is your object, Mr. Ferris, in calling for this?

MR. FERRIS: That the weighing charges and inspection charges should be reduced. For instance, the question came up and Mr. Serle frankly admitted that he was not given assistance and could not employ a sufficient staff and had difficulties in getting a sufficient staff. We should be furnished with every facility. They have ample funds to do it.

THE CHAIRMAN:

~~MR. WOODS:~~ We know there is a large surplus. It has been suggested that the fees should be reduced and that the surplus should be extended for the benefit of the farmers interested in the trade, and different suggestions have been made. Our general report will have to deal with that.

MR. WOODS: There was a point brought up that there was a deficit for some years before that.

THE CHAIRMAN: I think the fees were increased though, were they not?

MR. WOODS: I think they were.

MR. FARRIS: The point I was going to deal with later on in the argument was that of establishing things which we want in Vancouver, such as a new member of the Grain Board.

MR. WOODS: That is another thing.

MR. FARRIS: Well, it is a matter of very vital interest to us, Mr. Woods.

MR. WOODS: Oh, yes, I agree. It is of vital interest to everybody.

MR. FARRIS: Yes, I think so.

Mr. Scott stated that he would next revert to clauses I and 2 of the so called Van Allen charges, namely:

- " 1. The circumstances of the installation and
"operation of the by-apart above referred to in Vancouver
"Harbour Commissioners' elevator No. 1.
- " 2. The administration and operation of the said
" elevator with particulars regard to:
- " (a) The personnel of the management and staff; "

Mr. J. A. Smith, called, sworn and examined
BY MR. VAN ALLEN: Counsel for the Government of the Province
of Alberta.

Q. What is your full name Mr. Smith? A: John Russell Smith.

Q. And you are a member of the firm of Grain Merchants known
as Davidson & Smith? A: I am.

Q. I believe it is a partnership between you and J.L.Davidson?
A: Yes.

Q. How long has that partnership subsisted? A: Fifteen years -
Sixteen years.

Q. And what business was the firm engaged in, Mr. Smith?
A. Grain Business.

Q. I mean what branch of that business. Elevator operators of
what? A: Oh, we have 24 different companies. Shipbuilding,
ships, timber - we have 24 companies, different companies.

Q. Were they all companies connected with the grain trade?

A. No. Generally, Real Estate and Fire Insurance and ---

Q. Those would be subsidiary companies to the parent partnership known as Davidson & Smith? A. Yes.

Q. I am speaking now of the firm itself of Davidson & Smith. As I understand it you were operators of terminal elevators at Port William or Port Arthur?

A. Terminal and private, yes.

Q. And when was your house built there? A. Which house do you mean? Q. The house on the waterfront.

THE CHAIRMAN: No, public terminals? A. Since 1914. It was started it was not completed late in 1914. We had a couple of houses before that, you know.

MR VAN ALLEN: I am speaking of the present house Mr. Smith, and my information is that for a time you operated that house as a public terminal? A. A private first.

Q. Then as a public? A. Then as a public. Then as a private. Then as a public again.

Q. And lastly as a private? A. Regular private.

Q. So that the house was operated three times as a private elevator and twice as a public elevator? A. Yes; that is my recollection.

Q. And latterly it was operated as a regular private elevator.

A. Well, there was not any regular private license in fact.

Q. In the first place? A. That is the reason it was not.

Q. But I mean to say latterly, at any rate, it was operated as a regular private terminal? A. As soon as the license came into effect, whatever time it would be.

Q. Now, what business are you in now, Mr. Smith?

A. In the contracting business.

Mr. J. R. Smith.

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- Q. In Vancouver? A. Yes, Sir.
- Q. Carrying on business in your own name? A; No.
- Q. Under what name? A. Pacific Construction Co.
- Q. Are you a shareholder in that company? A. Slightly.
- Q. And a Director? A. No.
- Q. Tell me what your relation to that Company is? A. Well, my relations to that company are I am the partner of Mr. J.L. Davidson, you see, the President, he was the President. While I have not any stock in the company, it is an agreement between us that I have equal shares with him, you see. So I do not want to split hairs on that. I am just a half owner, you see.
- Q. You are a half owner with Mr. Davidson? A. Yes.
- Q. And how long have you been engaged in the contracting business here, Mr. Smith? A. About 15 years.
- Q. How long have you been living here and actively taking a part in the business? A. Oh, I have been here since November.
- Q. What year? A. 1923.
- Q. And you have been actually here all your time since then? A; Yes.
- Q. Now, is your whole time given to the contracting business, Mr. Smith.
- THE CHAIRMAN: Did I understand Mr. Van Allen, that this Pacific Construction Company has been in existence 15 years?
- A. Yes.
- Q. Doing business here in Vancouver? A. Yes, Sir.
- MR. VAN ALLEN: By the way, the Pacific Construction Company is a corporation under the Dominion Companies Act, is it not?
- A. Yes.

Q. And at one time was known as the Standard Construction Company. A. Not that I --

Q. That is not correct? A. I don't know that.

Q. I think that is a fact. A. There is a lot of details here I don't know, if you go back four or five years ago, I was not here.

Q. Now, I ask you if you gave your whole time to the contracting business here, Mr. Smith? A. Well, practically all. I have a few things that I work at in the East, yet.

Q. But that is all you do here? A. Well, I am actively engaged in the East yet, you know.

Q. But I mean to say that as far as your connections and business at Vancouver are concerned your whole time is given up to the contracting business? That is what I want to know? A. Oh, yes.

Q. Now, who is the Manager of the Pacific Construction Company?

A. The manager of the Pacific Construction Company, the Superintendent is our manager, J.S. Cook.

Q. He is the Manager? A. Yes.

Q. During the time that you were operating a terminal in the East, was Mr. Davidson with you at Port William and Winnipeg, or was he here? A. He has been here for 15 years.

Q. As I understand it, Mr. Smith, Mr. Davidson looked after the interest of the parent firm at this end and you looked after the interests at the other end? A. That is correct.

THE CHAIRMAN: You mean the head of the Lakes? A. Yes, Sir.

MR VAN ALLEN: When did you first hear, Mr. Smith, that the

Harbour Commissioners, the Vancouver Harbour Commissioners were taking over the terminal elevator here?

A. Well, when we had it in the paper.

Q. That would be when? A; I could not tell you. I suppose when it appeared.

Q. It would probably be in the Spring of 1923? A; whenever, I could not recall that back

Q. You heard what Mr. McLean said - that he saw you in Port William or Port Arthur in the month of May, 1923.

A. That was a considerable time after that.

Q. You knew it? A. I knew it a considerable time before that. In fact we had a contract for building this No.1 Annex here, so I would know something about it naturally.

Q. Your firm had a contract? A. The Pacific Construction Company.

Q. That is what I mean. The Pacific Construction Company had a contract for the Annex of Number 1 before you saw McLean. A; Before I saw who?

Q. Before you saw McLean in Port William in May? A; I refernce to that I have seen Mr. McLean very frequently, but I was not at Vancouver, I was at Port William, you see.

Q. And McLean intimated to you, as I understand it that he had made application for the position of Superintendent here? A; Mr. McLean had not notified me about making an application for some three weeks after his application was made, I did not know a thing about it at all.

Q. But he told you he had made application? A. Yes, in a discussion after.

Q. And he asked you about the situation at Vancouver?

A. He certainly did.

Q. And did he ask you to see anybody for him to recommend him for the position? A. No; he knew it was not necessary as far as that is concerned.

Q. Why do you say he knew it was not necessary? A. He knew that anything that I could do for him, if I was willing for him to go, I would naturally do anything I possibly could.

Q. By that I suppose you mean that you and Melan knew each other long enough that he understood that you would do anything you could do without him asking you? A. It was not necessary at all.

Q. It was not necessary for him to ask you to recommend him? A. No.

Q. And you knew at that time I suppose, Mr. Smith, that the Harbour Commissioners were taking on a new staff for their elevators? A. I read the paper of course, and I concluded that if they advertised it, there must be something in it, of course.

Q. And did you discuss that with the Commissioners, the question of the new staff? A. You say "Commissioners"?

Q. Yes, or any of them. A. I did not know the Commissioners at that time. I was not acquainted with them so I could not discuss it with them.

Q. You had not discussed it with them up to that time?

A. I was not acquainted with them.

Q. That is the time they advertised for their staff?

A. Yes.

Q. You were not acquainted with anyone of this Commission.

A. I would like to make a statement before I go on, because I may be talking for weeks on this. I never met Colonel Kirkpatrick until a week ago Friday night. That is just a week ago last Friday. I met him going out of the Vancouver

Hotel about 8.30. That is the first time I have ever met Colonel Kirkpatrick, And, Mr Prenter, I just met Mr Prenter twice, both times at the elevator; and I passed him a couple of times, three or four times, in the hotel since then. I never discussed any business with him.

THE CHAIRMAN. So long as you are fixing this you might as well tell us about Mr Prenter. A: I met Mr Prenter also about five weeks ago in the office of the elevator, at Hol Elevator. It will save a lot of questions.

MR WOODS. Q. Well, what about Mr ~~FRANKLIN~~ Beattie ? A: I met Mr Beattie just 24 years ago.

Q. And in the spring of 1923, after you found out the Commissioners were taking over the elevator, did you have any discussions with Mr Commissioner Beattie, Mr Smith, about their --

THE CHAIRMAN. Just a minute. We have to clear up something there. Mr Smith started out by saying that at the time that these Commissioners advertised for their new staff he was not acquainted with them. Well, he has explained that now, that he did know Mr Beattie, of course, for 24 years. Do you wish to pursue that further? It means at the time they advertised for their staff the only one of the three he knew was Mr Beattie. Do you want to stop there? The fact that he knew him, does not mean anything. He knew him at the time the Board advertised for a staff. Has that anything to do with the advertising for the staff ?

MR VAN ALLEN. Well, sir, if you will allow me I will follow that up. When you had been talking to McLean after he had made his application, is it fair to say, Mr Smith, that you had previously discussed with Mr Commissioner Beattie,

whom you had known for some years, the vacancies which might arise in the elevator ? A; Mr Beattie, at the time I discussed this with Mr McLean, I had not him in mind coming here at all, whatsoever. It was he that told me that he had put an application in. So I could not have thought about him.

Q. That is not quite what I asked you. I asked you if prior to this time you had discussed these vacancies in the Staff with Mr Beattie, whom you had known for 24 years?

A; Certainly not.

Q. You had not had any conversation with Beattie prior to the time that McLean mentioned to you at Fort William that he intended to come here if he could get the job ?

A; About McLean ? Certainly not.

Q. But about anybody? A; I had conversations with him.

Q. That is what I am asking you. A; Well, I don't remember--

Q. Did you have any conversations with Beattie about the vacancies in the staff of the elevator that were going to take over up to the time you talked with McLean ? I understood you to say you had had discussions with Mr Beattie.

A; Certainly. I have talked everything generally over with Mr Beattie. We were contractors. We were taking hold there, and he asked me if I knew anything about Bennett. He asked me if he was a good man, and I told him he was, and I discussed -- being a grain man he would naturally ask me grain questions. Certainly I discussed it.

Q. Now this would be sometime, I suppose, during the Spring of 1923 ? A; That was somewhere about the time we were at the excavation of the Annex, whatever time that would be. I could get you all those dates if you want them right now.

Q. At any rate I think you can identify it as sometime during the winter or spring of 1923, would it not. ?

A; It would be in the spring.

Q. Of 1923? A; Yes. I t was the time we started to excavate, whatever time that would be.

Q. And you say that Mr Beattie spoke to you about Mr Bennett, the then superintendent. A; There was talk, yes.

Q. You had a conversation about that ? A; Yes.

Q. Well now, did you have a conversation with Beattie regarding the filling of any positions or any of the positions which might be created ? A; Well, I did not go into it as afar as that.

Q. Do you say Mr Smith, that the only office you discussed was the office of ^{the} superintendent ? A; That is all.

Q. Which was then held by Bennett? A; Yes.

Q. That is the only office you discussed with Beattie up to that time ? A; That is the only office.

Q. But did you see Mr Beattie frequently, I suppose, during that period ? A; Not frequently, no. Two or three times, I would say.

Q. Two or three times during the spring of 1923 ? A; Well, I was not here during the spring of 1923. I was in Fort William.

Q. Now, this 24 year period during which you have known Mr Commissioner Beattie, had you ever been in business with him or any commercial connections of any kind with him during that time ? A; None whatever.

Q. Have you since. A; Not yet.

Q. Except in his capacity as a Harbor Commissioner ? A; Certainly.

And you have had no business connections with him or business transactions with him personally since that date ? A; No.

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Q. It has been said by Mr McLean that you frequently go to the elevator ? A; Yes.

Q. You are there two or three times a week, according to his evidence ? A; I am there much oftener than that.

Q. Would you say every day ? A; Well, I am sometimes there three times and four times a day. I do not keep just the exact record. Approximately.

Q. Sometimes you are there three or four times a day ? A; Yes.

Q. And do you see Mr McLean himself very often ? A; Yes, I see him -- I look around every time there to see if he is there. Of course our work is going on right alongside of him you see. And I have known him for several years. Naturally I am interested in shipments and so forth, take a great interest in the work of the elevator, what is going on.

Q. How do you account for your frequent visits to the elevator, Mr Smith ? A; Well, we have about two million dollars of work going on there now,

Q. On adjoining property? A; Right together.

Q. You are referring to the Spillers site, just east of Mc L. A; Yes, they have got a fence up, but it is open.

Q. Your only explanation of these visits of yours three or four times a day--

MR ARMOUR. Don't use those words---" Explanation ". Ask him why he goes there.

MR VAN ALLEN. I did ask him that, Mr Armour.

MR ARMOUR. And he told you.

MR VAN ALLEN. And I say that is the explanation.

MR ARMOUR. I submit that he is not put upon an explanation.

MR VAN ALLEN. Well, I can ask him if that is his explanation.

MR ARMOUR. Well, my learned friend is assuming that it is a crime or some misbehaviour on Mr Smith's part, going to that elevator. " I want some explanation , " -- I object to my learned friend putting it that way. It is a postman's holiday.

MR WOODS. Like asking him, when did you last beat you wife ?

MR VAN ALLEN. Let me ask you again, Mr Smith, why do you visit this elevator so frequently ? A; Well, you see, I have been brought up in the grain business for a great number of years.

Q. And you are now in the contracting business, and giving your whole time to it; why now do you find it necessary to visit the Harbor Commissioner's elevator three or four times a day ? A; I have an explanation to make there right now. I want to let you know I have been in the grain business and I expect to be in the grain business very shortly again.

Q. Where ? A; Right in Vancouver, of course I do not want to lose all knowledge, I want to find out what is doing, and I have acquired considerable experience since I have been here on shipping conditions and handling conditions. and things of that nature. You cannot hibernate and get that, you know.

Q. And your purpose in visiting the elevator then, Mr Smith, is for the purpose of gaining this experience in the grain movement through this port with a view to enabling yourself to become established in the grain business here soon? That is the idea ? A; Well, is one thing.

Q. What else is there ? A; Well, we are in the contracting business here, you see.

Q. What has that got to do with it ? A; Well, that has got a lot to do with it.

Q. Well, explain it. A; In the contracting business, building elevators for instance, you would have to get in touch with grain men. You would not get them down the ^{at} Vancouver Hotel.

Q. Well, there are quite a few grain men around the Vancouver Hotel. Go Ahead. A; Well, that is where you would get them, right there, you see, and you would get knowledge of what is going on. If any celebrity, like yourself, came to town we would find it put down there. We have discussed, I might say, this last two or three months, since these charges that you have--- we have devoted most of our time discussing charges.

Q. You and Mr McLean. ? Whom do you mean by " we " , Mr Smith ? A; I mean everyone whom I came in contact with, my partner especially.

Q. Have you any other reason for visiting the elevator so frequently ? A; Well, would you want any more reasons than that ?.

Q. Well, I am just asking you if you have ? A; I could not tell you offhand at any moment. That seems sufficient for me.

Q. Now, may I ask you this question, Mr Smith. Have you visited the elevator at the request of Mr McLean so that he might take advantage of you long experience in terminal elevator operation ? A; Yes, I have, certainly.

Q. Mr McLean has asked you to come over to give him a hand ? A; Yes.

Q. So that he might take advantage of your advice ? A; Yes. Give it to him free, too.

Q. I am not surprised at that. Would such invitations from McLean account largely for your visits there, Mr Smith. ?

A; No. I thought I explained that once, I will give it over

again if you like.

Q. You don't need to. Just answer that question. A; No, it would not.

Q. It accounts for some of them however ? A; Well, some very, very --that would be a very small percentage, I suppose, one-hundredth, or one per cent, or something like that.

Q. Have any of the Commissioners requested you to give Mr McLean a hand or some advice occasionally, as he might require it ? A; No.

Q. You have never discussed that with Mr Commissioner Beattie A; I have discussed general elevator practice with Commissioner Beattie. Give him a lot of information, too.

Q. Yes, I have no doubt. And did Mr Beattie at any time request you or suggest to you that you might give Mr McLean such assistance as he might require ?

A; He told me, certainly.

Q. And you have done that. ? A; Well. I have done that, of course.

Q. You gave him such spare time as you could spare from your other business, I suppose ? A; I saw him frequently when I was down at the work, and he has come up to the Hotel when he wanted anything ver seriously; when he wanted to discuss things he would come up to see me. I live down at the Vancouver Hotel.

Q. Did Mr McLean sometimes come right up from the elevator to see you at the Hotel ? A; He comes from his home if he has the time.

Q. You usually see Mr McLENN at night when you see him at the Hotel? A; Well, since this enquiry is on I see him in the afternoon.

Q. And he also sees you several times during the day, your office being just a few yards from his. ? A; He sees me -- some days he would not see me at all, of course.

Q. And I suppose on the days he does not see you at all he comes up to the hotel to see you ? A.; I might be in Victoria, you know.

Q. Now, Mr Smith your company, as I understandit, upon the occasion of the building of your terminal, your water front terminal at the Head of the lakes -- that terminal contained a spout which you, yourself, drew to the attention--
THE CHAIRMAN. Hold on now. You are going on to the spout at the head of the lakes, at the Davidson & Smith Elevator. Is that the point ?

MR VAN ALLEN. Yes, sir.

THE CHAIRMAN. All right.

MR VAN ALLEN. Which you, yourself, drew to the attention of Mr White, the Chief Weigh Master ? A; Yes, sir.

Q. And that spout was, as my information goes, installed on the left hand of the receiving leg : Is that right ?
A. Locked.

Q. And instead of being controlled by a slide valve it is controlled by a pull valve ? A; There was a slide valve.

Q. There was also a slide valve ? A; Certainly.

Q. And the valve was locked after you drew it to the attention of Mr White ? A; This valve ? This Maharg Spout No2, was put in the elevator and was authorised

before the elevator ever started to take grain.

Q. Which one. A; The one we put in.

Q. The one at the head of the lake? A; Yes.

THE CHAIRMAN. Repeat what you said.

A; This spout in Davidson & Smith's elevator at Port Arthur was in effect and built into the house and it was authorized before the house ever started to operate.

MR VAN ALLEN. You mean to say .. ? I mean to say that I drew it to the attention of Mr White before the house was operating.

THE CHAIRMAN. It was part of the original construction?

A;
Absolutely.

Q. Not put in afterwards. A; Absolutely not.

MR VAN ALLEN. There is no suggestion it was not part of the original construction, but the point I am getting at is that you drew it to the attention of Mr White, and Mr White thereupon informed you that this installation would have to be locked, and it was thereupon locked. That is locked?
A; That is locked.

Q. Now you firm installed the so-called Maharg spout in the Hol Elevator here, as I understand? A; That is Tacey.

Q. Was not Tacey the sub-contractor of the Pacific Construction Company. A; Yes, he did the work.

Q. It was he who did the work as sub-contractor for the Pacific Construction Company? A; We did not have any contract on that at all. That was day work. They didn't have any person in the elevator who could do that reconstruction work and we just took plans from Metcalfe and Company and carried out the alterations. That is all.

MR WOODS. It was a force account, was it not? A; Yes, just 10 per cent.

MR VAN ALLEN. And you engaged the Tacey Company, whoever they are, to perform the work? A; They are sheet metal workers. We do not do metal work.

Q. What I want to get is, that your company, the Pacific Construction Company, authorized Tacey to do the work?
A; Yes.

Q. Having regard to the stand the Chief Weigh Master took in regard to your Fort William Elevator, why is it the Pacific Construction did not install a lock on this span immediately it was constructed,?

A. Well I was not here.

Q. How is it in other words, that no lock was put on by your company, or by this firm, until it was put on by the Weighing Department? A; Well, of course, in the first place I thought the employees of the elevator were honest, would not require it.

Q. I asked you why you didn't do it? A; HI I wasn't here. If I had been perhaps I would have done it, but I wasn't here at the time it was constructed.

Q. You were not here at the time it was constructed?

A; I could not think about that in Fort William.

Q. Your partner, Mr Davidson /A. Well, you ask him. 25

Q. How would know about the one at Fort William? A; Well, he didn't know very much about that elevator, because he didn't have anything to do with the operating of that house at all.

Q. Your explanation as to why your company did not put a lock on from the beginning is that you do not know,

because you were not here ? A; None of our business, that was none of our business, to put a lock on.

Q. It was not included in the specifications, that a lock should be put on ? A; Well, as far as that is concerned, the hole, I suppose, should have been drilled there ;

Q. You see the difficulty with that is that Mr Perrige produced here the other day exhibit E, which shows on the face of the plan that it was to be locked with a padlock, and I suppose that is the plan that was given to you,. I am asking why didn't your company put a lock on when the thing was built ? A; We didn't do it, did we ?

Q. I am asking you why you didn't do it, because the plans required it ? A; Well , I haven't seen the plans. Where are they ?

Q. Here is a little sketch. A; I was not here. But still we may as well take it --

MR WOODS. That is the thing Mr Perrige says he drew at the time; and it shows a lock on there. I don't know whether you can tell from your own knowledge how it came to be not put on, or not, A; Where is the lock, ?.

Q. Down at the bottom.

MR VAN ALLEN. " Slide to go to spent when shut ". Here it is right here, at the bottom.

MR WOODS. Do you know anything about it ? Tell Mr Van Allen if you don't.

A. Well, I wasn't here Mr Woods, so I couldn't tell you anything about it.

Q. Your answer is, you do not know why there was not a place fixed for the lock ? A; No. sir, when I was not here, I didn't know anything about the installation of the spout. in any way, shape or form.

Q. Were you back and forwards from the head of the Lakes to here? A; Yes, all during the time I was in Fort William & Winnipeg.

Q. You were not out here at all? A; Not here at all.
MR VAN ALLEN. That would be in the month of October, 1923.
A. October and November, yes.

Q. You were away in October and November? A; Up to the 15th or 16th November. I was away September, October, and November.

Q. Coming now to those three spouts in the other elevator, in the Annex, Mr Smith. A; Do you want to know something about spouts? Do you want me to talk more on that? I would like to tell you something about spouts.

THE CHAIRMAN. Anything you want to say you can tell when Mr Van Allen is through.

MR VAN ALLEN. Regarding the three spouts in the Annex, Mr Smith. Mr Cook is your engineer and manager? A; Yes.

Q. He is the mechanical engineer, I imagine? A. Yes, he is.

Q. And did Mr Cook draw your attention to an apparent disagreement in the plans prepared by the firm which was explained here the other day by Mr Howe?

MR MACDONALD. I simply want to draw the attention of the Commission that Mr Howe made a statement after interviewing Mr Carter, Mr Cook, and I believe one other man-- in any event that the statement was made in connection --

THE CHAIRMAN: He told us an error arose out of something done by the draughtsman in Montreal, and when the plans came

here the person in charge here did what he thought the plans called for, did the best he could. What is the point, now Mr Van Allen, ?

MR MACDONALD. I say the incident is closed, and I do not think it is fair to bring the matter up again.

MR WOODS. there is this about it; Mr Howe went into it for us and he did state that Mr Cook, of the Pacific Construction Company, when he saw those plans, was justified in putting two of those openings on one of the spouts.

THE CHAIRMAN. That is his evidence. That is about the size of it. He told us that Mr Cook got that idea from reading plans he got from Montreal. In error. Any misleading part of those plans was committed in Montreal by the Draughtsman. At any rate that is the report we got back from Mr Howe .

MR MACDONALD. At any rate the record is here and speaks for itself. I think my learned friend's statement is not quite correct.

THE CHAIRMAN. Yes, but I do not know what Mr Van Allen intends to ask Mr Smith about it. We have the foundation for it. He may have his own reasons for asking those questions.

MR ARMOUR. Mr Howe, who is an elevator engineer himself, as my learned friend Mr Macdonald says, and as you will remember, retired with Mr Cook and Mr Metcalfe's man, Mr Carter, and took the plan with them, and Mr Howe returned and went into the box and gave his account of it; It was due to an error in the plan; that Mr Cook, the Pacific Construction Company's superintendent, was justified in reading the plan as he did, and in acting upon it as drawn, and furthermore he stated that the Metcalfe Company had taken these spout out at their own expense.

MR MACDONALD. There again, Mr Commissioner, I would sooner let the record speak for itself, because there was no such statement as my learned friend says.

THE CHAIRMAN. I think we have a pretty good recollection of what the record is. Mr Van Allen may have reasons for putting these questions to Mr Smith. I will see what his questions are. What is the question?

MR VAN ALLEN. Did Mr Cook come and discuss this matter with you, Mr Smith, before allowing those spouts to be installed, based upon his reading of the plans? A: Certainly not.

Q. He didn't discuss it with you at all? A. Certainly not.

Q. At any time? A: Certainly not.

Q. Did you know that he was reading the plans as he did?

A: No.

Q. Were you following in detail the carrying out of these plans by your company? A. Absolutely no.

Q. Was any member of the firm doing that? A: Well, Mr Cook is rather a busy man, you know he is an engineer himself.

Q. Or Mr Davidson? A: Or Mr Davidson. Mr Cook does all the field work.

Q. What I am getting at is just your evidence that you do not know, or at least you were not following the details of the carrying out of that design?

THE CHAIRMAN. Well, he said no.

MR VAN ALLEN. So you knew nothing about it? A: No.

THE CHAIRMAN. You have told us that you operated a regular private terminal elevator at the Lake Head? A: Yes.

Q. Latterly, that was the last phase? A: Yes.

MR VAN ALLEN. You operated it as a regular private terminal, I understand, during the crop year 1921-22? A: Yes.

Q. And your elevator was declared regular by the Winnipeg Grain Exchange? A; Yes.

Q. So that your warehouse receipts would be deliverable on contracts? That is correct? A; Yes, that is correct.

Q. Now, in order to carry on any elevator business at the Lake head of course you must have a licence from the Board of Grain Commissioners? A; Which I always had.

Q. But I say you had to have a licence and you did have a licence? A; Yes.

Q. You had a licence to operate the private terminal during the crop year 1921-22. A. Yes.

Q. Now, when does that licence expire? A; I think, at the first of September, I am not sure.

Q. It expires at the end of the crop year, on the 31st of August each year? A; Yes.

Q. And is it not a fact that before you obtain a licence you obtain a bond? A; Yes.

Q. Which do you file with the Board of Grain Commissioners? That is correct? A; That is the procedure.

Q. And if the bond is satisfactory the licence then issues?

A. You mean satisfactory to the Board of Grain Commissioners?

Q. At any rate that is the procedure? A; That is the procedure.

Q. What was the name of the bond company by whom your firm of Davidson & Smith were bonded in the year 1921-22?

A. The Globe Indemnity, I think.

Q. And is it not a fact that the bond lasts during the life of the licence? That is to say, you have to obtain a bond every year? A. Yes.

Q. So that your bond and your licence would both expire each year at the end of August? A. At the same time, yes.

Q. Now, you said you had made application to the Winnipeg Grain Exchange for a declaration that your house was a regular private terminal ? A; I must have made application to get one, yes.

Q. Yes, and is it not a fact that you must accompany your application --

THE CHAIRMAN. Oh, pardon me: The Bond by the Globe Indemnity Company was to the Board of Grain Commissioners, ?

MR VAN ALLEN. Yes; This is another bond altogether. Your application to the Winnipeg Grain Exchange for a declaration that your house is to be a regular private terminal must also be accompanied by a bond, Mr Smith ? A: Yes.

Q. And you have made such an application as you have said; and you, of course, have to submit a Bond to the Exchange ?

A: Yes.

Q. Which you did ? A; Which I did.

Q. And what was the name of the company which bonded you to the Winnipeg Grain Exchange ? A; I don't know.

Q. It is the London Guarantee & Accident Company ?

A; Whatever it is.

Q. Do you recollect the amount of the bond ? Was it \$275,000.00 ? A; He has got that. I don't know. I don't recollect anything like that, you know. I have several figures in my head.

Q. Now Mr Chairman, I have here before me a copy of the statement of claim in the action between the Bawlf Grain Company and Washburn- Crosby, and Robert Magill, the plaintiff, suing on the bond in question, that is to say, the Bond from the London Guarantee & Accident Company Limited to the Winnipeg Grain Exchange, and paragraphs 1, 2, 3, 4, 9, 10, and 11, of the statement of claim

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are admitted by the Bond Company; and one of those paragraphs contains a copy of the bond. There could not be any dispute about the matters alleged in paragraphs 1, 2, 3, 4, 9, 10, and 11, of the statement of claim; they are admitted by the defendants.

THE CHAIRMAN. You mean they merely state the bond was given ?

MR ARMOUR. There is a suit pending about this whole matter in the Courts. What is the object in dragging it in here ?

MR VAN ALLEN. My Learned friend, of course, cannot very well anticipate everything that I have in mind, but if you will wait for a few minutes I think he will see that I am not trying to take advantage of anybody.

MR ARMOUR. We have been endeavouring to find out what has been in your mind all the time about these charges. I have not been able to probe it yet, so I do object that this Commission is not going to try these lawsuits.

MR VAN ALLEN. The pleadings contain a statement of certain facts.

MR ARMOUR. The pleading is not a pleading of Davidson & Smith at all.

MR VAN ALLEN. My learned friend is quite right, but there is nothing in the paragraphs which in any way will prejudice or embarrass my learned friend or his clients in this enquiry anyway. I merely want to get these facts which are well understood by everybody, and admitted by the defence, before the Commission.

MR ARMOUR: Well, why do you have to refer to a case in Winnipeg to get that ?

THE CHAIRMAN. What are the facts referred to? That a bond existed, was for a certain amount, was executed by Davidson & Smith and by the Company?

MR VAN ALLEN. Yes.

THE CHAIRMAN. What else is there?

MR WOODS. I think the best way is to take that up and ask Mr Smith about each of the facts he knows and get them on the record in that way.

THE CHAIRMAN. He knows there was the bond. We know the Company, we know the amount of the bond and we know it was to the Grain Exchange, to protect the Grain Exchange, in this business, and what else is there?

MR VAN ALLEN. Paragraph 1 contains a description of the parties to the suit, and so on, Paragraph 2 contains the bond itself, a copy of the actual bond.

THE CHAIRMAN. Do you admit that is a copy of the actual bond?

MR ARMOUR. Oh, I don't care, but I don't see the use of dragging it in there.

THE CHAIRMAN. All right, then, there is the bond. Davidson & Smith are not parties to the action at all.

MR ARMOUR. We are disinterested parties.

MR VAN ALLEN. That is all I want to put in, is a copy of the bond. I merely want to file a copy of the statement of claim to get a copy of the bond before the Commission.

THE CHAIRMAN. You can file this paragraph.

MR VAN ALLEN. That is all.

THE CHAIRMAN. What you want to do is to put in a copy of this bond and only a copy of this bond. You happen to have it, you find, in the statement of claim?

MR VAN ALLEN . Yes.

THE CHAIRMAN. Well, cut it out of the statement of claim and put it in.

MR WOODS. It is just the regular form of bond that is executed under by-law 125 of the Winnipeg Grain Exchange, and is set out in full by by-law 125.

THE WITNESS. No, 25.

Q. And you are a principal in the Bond you got from the London Guarantee & Accident ? A: Yes.

Q. And it is for \$275,000.00 ? A: Yes.

MR ARMOUR. And it is dated September, 1921.

MR VAN ALLEN. Now, Mr Smith you were operating your private terminal as such in July and August 1922, ? A: Yes.

Q. And is it not a fact that late in the month of July, I think it was the 29th July, 1922. there were surrendered to you by the Lake Shippers Clearance Association warehouse receipts for 100,000 bushels of No3 Northern Wheat ?

A: There certainly was not.

Q. Well, what took place ? A: Well, it was not surrendered on the 29th July.

Q. Well, just tell me what took place ? A: What about ? I don't understand your question. " Took place " . I can't understand about " Taking place ".

THE CHAIRMAN. Is this the Pellock Case ?

MR VAN ALLEN. Yes, exactly.

THE CHAIRMAN. Well, alright, say so. What about the Pellock case ?

MR VAN ALLEN. Will you explain what did happen on that occasion? You say the warehouse receipt were not surrendered ?

A. On the 29th. You asked me the question and I answered it. Of course if you ask me another question --

THE CHAIRMAN. Our procedure may be necessary -- I don't

knew what Mr Armour's attitude is, but it is upside down. Here is the Pollock case. In the ordinary course the witness would give his version of the Pollock Case and be cross-examined. Here he is cross-examined first,

I asked Mr Armour if he wanted to examine the witness first and he said no, he said he would suggest I cross examine him first, so I am proceeding with it, but I am willing that he should go on,

MR WOODS. I think it would be better if Mr Armour took his witness over the things which are frankly set out here and as to which explanations are asked for. Now, what is said here in this preamble by Mr Van Allen in referring to his charges is in connection with Mr Smith and his company, he makes a reference to the case of the steamer "Pollock" first of all, then he makes a reference to the case of the steamer "Snyder", and then he goes on to say that Davidson & Smith have been refused registration on the Winnipeg Grain Exchange.

THE CHAIRMAN: And then incidentally we have brought out in the evidence of somebody else about the steamer "Currie".

MR WOODS. Which is not referred to there, but which has been brought in here in connection with the Penfold matter.

Because the steamer "Pollock" has to do with Biernes, who is an inspector. We do not want to try these things here, but we want to give Mr Smith a chance to tell us what he knows about them.

MR ARMOUR. Well, Mr Woods go ahead. I have no objection to his doing that.

MR WOODS. I have not been instructed in this matter, I think Mr Armour should go on.

MR ARMOUR. I don't see what difference it makes. All right, will do it. You, Mr Smith, I suppose, are familiar with the Van Allen charges? A: Yes.

Q. And according to them you realize that you are a villain of the deepest dye? A: Well, that is up to date.

Q. Amongst other things set out in the famous charges is this statement-- I want to read it to you first and I will take you over it seriatim afterwards. "At the session of this commission at Buffalo, New York, on October 9th 1923, "Mr Kennedy, head of the Grain Department of the Washburn-Crosby Company, brought to the attention of the Commission the facts concerning a cargo received from Fort William on "August 5th, 1922 on Board Ss Pollock. Mr Kennedy stated that in holds 1 and 3 this ship, contained what was alleged to be "3 Northern Wheat from the Davidson & Smith elevator at Fort "William. Upon unloading it was discovered that these holds "contained a great deal of tough and sprouted wheat, and a "survey was called for, whereupon Inspector Bowen of Montreal "came to Buffalo and supervised the unloading. Hold 1 was "thereupon graded No 4 and hold 3 tough. It would appear that the difference amounted to Thirty eight Thousand Dollars, "and it would appear further that this matter is now a subject of litigation between Washburn-Crosby & Co. and the Bonding Company, in the courts of Manitoba."

Now, that latter part of the allegation refers to this lawsuit now pending in the Courts of Manitoba. You understand that, do you? A: Yes.

Q. Now, to go back, to deal with this question now of the steamship "Pollock"; Will you just kindly tell the Commission, in your own language, your side of that story?

A: That is a long story.

Q. Well go ahead.

THE CHAIRMAN. It does not matter how long it is, Mr Smith.

We are here to hear it. A: I will make it as I can.

The steamer "Pellock" was loaded at Davidson & Smith's elevator I think, in the latter part of July, in the regular way. In terminal elevator operations you do not know who the owner of the grain is, because the orders are all through the Lake Shippers, and the staff is pooled so we do not know who actually owns the grain. However, we get a phone message and it is afterwards verified by an order stating the amount of grain which is to be loaded. The procedure in Port William and Port Arthur is that the Lake Shippers call up the Elevator and say. "Load 100,000 on the "Pellock", 1 and 3,-- if it is the same grade, you see, and they verify that afterwards. So that in this case--

MR WOODS. They credit your elevator with the amount that they ask you for ? A: Well, they have that paper on call. What we call "Call paper". We do not know who it is.

It might be twenty five had that paper there. It would not be only Washburn-Crosby wheat, because if it is necessary they would have clearing house paper on that shipment. This particular shipment, of course we did not know who the owners of the grain, because our work is all done under the Lake Shippers. We loaded out this grain in the ordinary way that all grain is loaded out at the head of the lake, and we received our certificate for it. That is, it was loaded

according to the Inspector as No. 3 Northern. There was a private inspector on this boat; he was not an inspector as a matter of fact, he was just a junior sampler.

MR ARMOUR. Who was he ? A; Well , he was Mr Rinderby's man.

Q. Who was Rinderby? A; He is a private sampler there. They sample grain you know. And when he took his sample up he said that the grain was a little low. So we immediately -- THE CHAIRMAN. You say when he took the sample up he said that. When was this, -- during the loading ? A; Oh, no, after the thing was loaded some time.

Q. All right, tell us that.

MR ARMOUR. Go ahead. A; After the thing was loaded they take the samples up to the office, which is a couple of miles from where the boat was loaded at the elevator. He said that the sample was low. I immediately sent my superintendent over there and told him that if that was low that I would substitute ~~some~~ other wheat. We have in Port William and Port Arthur -- we had the first marine leg at the head of the lakes. There is another one there now, James Richardson & Company, they have a marine leg : Which means we can unload grain out of a boat much the same as we can take it in from cars and in that case we have several times unloaded boats or taken part out and put other grain in -- things of that description. As a matter of fact I put the marine leg on that house for that same purpose, that is, if there was anything of a serious nature in loading a boat, any other house than Richardson was at a very big handicap, because when you get it in a boat you could not do anything with it, it would have to go down through the lakes and have one or two grades get the worst of it. I mean it would not be

up to grade, whereas if it was a line cargo, and it might be just questioned, that is maximum 3 or a minimum 4, just a little sweetening up would fix that. And we could do it at a quarter of a cent less.

THE CHAIRMAN? That is per bushell ? A; Per Bushel. I was prepared to unload that, having facilities there.

MR WOODS. You told us that you told your superintendent to go up ? A. Well , of course I can't do all the work.

Q. You don't know whether he did or not? A. I knew he went up.

Q. You don't know what happened ? A; I know what he told me.

Q. In the absence of other people -- A; I know, but I thought you wanted that story. I did not do all that work.

Q. You told him to go up. ? A; Certainly.

Q. And say you would substitute ? A; And he certainly did go up.

Q. All right, go on. A; And he told me he thought it would be all right; he would wire to Bawlf. That was the first time we knew that Bawlf was in this thing.

Q. Who told you that.?. A; Enderby told my superintendent. You see they got on the wire, and Enderby went to Winnipeg that night. I have a private wire. I had at that time a private wire in between my elevator office and Winnipeg Grain Exchange direct, direct private wire, and we used to use that wire, of course, just the same as a phone, for that purpose. So I was in touch with my Winnipeg office at the same time, immediately, and I told them, if that cargo left there, if they were taking that cargo there was not anything

to it, but I was not going to be responsible for that cargo getting down to the head of the Lakes, because it was out of my control. So as far as the "Pelleck" cargo is concerned we delivered 3 Northern Wheat, we got our certificate for it, it was delivered in the regular way, and the Bawlf Grain Company, who were acting for Washburn-Crosby, signed a receipt that they got the regular documents for that cargo, and we don't care whether it went in the Lake or it was wet or tough, or anything else, it was no concern of ours.

THE CHAIRMAN. Why did you not load it back from the ship into the elevator? A: Well, they said it was all right. Q. Who said it was all right? A: Henderson said that it could be fixed, because you see, sir, that we figured on shipping that down. What I intended to do, I did not think it necessary to unload that cargo, because I could have shipped that cargo down, and replaced that with another 100,000 on another boat that was in there at the time, you see. Now, the Washburn-Crosby, they are an American concern and they have a large mill in Buffalo, and they invariably kick about everything. Moisture we do not test; there is hardly any cargo that goes out of here that is tested out of this port; it may be 13 per cent, it may be 15. None of these gentlemen know what they are shipping out, what moisture percentage, right here. We haven't got it down that way.

MR WOODS. They know it isn't tough anyway. A. Well, how do they know it isn't tough?

Q. Because it is inspected out. A; How would they know by inspecting if it was tough?

Q. It would not pass the inspector if it were over 14 per cent.

A; All that is necessary by the Canada Grain Act is the feel of the hand; they do not know whether it is 13 or 14 per cent.

Q. They have got a general rule that it is 14 per cent.

A; Yes, but there is not a man in this place who can tell what percentage of moisture there is in wheat without a moisture test.

Q. Mr Crawford could, I think. Well, go on. A; Well. I don't know just where I was at.

Q. The judge was asking you why you did not take the cargo back after the sample apparently did not turn out.

A; By replacing that cargo I figured I would sell that cargo, because we were selling wheat there all the time, and there would be lots of people that would not question the certificate, you see, I would replace that. I might say this, that at that time the Washburn-Cresby did not take any grain out of regular private elevators unless it was a drastic necessity, because they always took what they called public store paper. The regular private elevators mix grain to the minimum, it is always the minimum when they are getting it out of--

Q. That is very interesting. A; Everybody in Canada knows that.

MR VAN ALLEN. We have heard evidence quite to the contrary.

A; Well I know that.

MR VAN ALLEN. Sat at Winnipeg six weeks and did not hear that. A; I know there was a good conversation on that.

THE CHAIRMAN. We may question you about that later, but at any rate the Washburn-Crosby prefer grain out of a public elevator? A; Yes, at any rate at that time the Washburn-Crosby had orders -- I think you can get this, sir-- that no grain could be loaded out to any of the Washburn/Crosby boats except out of the public terminal elevators. You can get that from the Lake Shippers Clearance Association.

Q. I understand now they have their own men? A; Well, they always had their own men. That was the rule in this case.

Q. I understood they put him in after this case.

MR VAN ALLEN. Put him in after the "Snyder" case.

THE CHAIRMAN. All right go on; what is the next step?

A; Well, they refused to take the cargo, as far as that is concerned.

Q. Did they know your cargo came out of a private elevator?

A; Oh, yes. The Lake Shippers happened to have no wheat in any public houses at the time, and we had to load it. That was their explanation.

Q. And they refused to take shipment? A; No, they did not refuse to take it. They did take it. If they had not there would not have been any trouble. If they had not have taken and signed -- the procedure is -- they have to take the bill of lading before that boat loads from Port Arthur or Port William, and they have to have the weight certificate and the grade certificate. If they could not have had that they would not have the regular documents.

MR ARMOUR. Apparently they took the grain and relied on the bond which they are now suing on ? A: Yes.

THE CHAIRMAN? They took the grain and relied on their contract to recover the balance ? A: Yes.

Q. But apparently they are suing only the bonding company ?

A. Well, your honour, we asked at the time ----- I am a member of the Winnipeg Grain Exchange in good standing, always have been.

Q. Are you still such? A: Oh, yes I thought that question might be asked again, so I wired. I have never had a mark against me yet. The Winnipeg Grain Exchange has never had anything against J.R.Smith, or Davidson & Smith.

(Witness produced his card of Membership
in the Winnipeg Grain Exchange).

(The Proceedings then adjourned)

(AFTERNOON SESSION.)

MR. JOS. CLARKE: Mr. Commissioners I understand that the Hon. Mr. Reed, Provincial Treasurer of Alberta, is here. I presume he is here on his holidays, but I would like to ask him some questions, not to exceed four or five minutes. If it could be arranged that he be called at his convenience, without interrupting his holidays or anything that he is doing, I would appreciate it. He has been here; I have been told he has been in the audience several times. I believe Mr. Woods can arrange that, if it is the will of the Commissioners. ¶

MR. WOODS: I haven't any objection to calling Mr. Reed, if he has any evidence --

THE CHAIRMAN: If he has any evidence within the scope of Mr. Clarke's mandate.

MR. J. R. SMITH returned to the stand.

BY MR. VAN ALLEN:

Q. You were going on with your general statement about the "Pellock" business? A: I did not have my membership card. I had a wire, and here is the letter. I think if you opened that you will find the card in it. I want it back. Just open it and see if the card is there.

MR. WOODS: Opened an envelope and found in it a yellow card.

WITNESS: Here is the Lake Shippers seat. This is my membership in the Grain Exchange.

MR. WOODS: You are a member of the Lake Shippers? A: Yes.

MR. ARMOUR: And this shows that he is a member in good standing of the Winnipeg Grain Exchange.

MR. WOODS: But I mean this hasn't anything to do with the license for your elevator? A: Well, we don't generally have these things with our membership card.

Q. All right sir go on. A: How far was I?

MR. ARMOUR: We were discussing this difference which gave rise to the action now being tried at Winnipeg. It would appear that the difference amounted to \$38,000.00 and it is now subject, as I say, to litigation between the Washburn - Crosby Company and the Bending Company in the Courts of Manitoba. That would indicate to me that they pay for it, having taken the car they paid for No. 3 Northern, and the \$30,000.00 would be the difference in value between the car of No. 3 Northern as certified by the Government officials, and what it turned out to be on the re-survey.

THE CHAIRMAN: What I don't understand is this. Apparently their man at the Head of the Lakes protested against the grade given. Mr. Bowen was sent to Buffalo to grade it there; it was found not to be No. 3 Northern. Why did they have to take it at all?

MR. ARMOUR: That is a point that will have to come out.

MR. VAN ALLEN: They had paid for it.

THE CHAIRMAN: Well, had they paid for it?

MR. VAN ALLEN: They had bought the warehouse receipts before the boat was ever loaded and they had paid for them.

THE CHAIRMAN: This is to re-cover the difference between what they had and what they paid for.

MR. WOODS: Under the Winnipeg Grain Exchange Bond.

THE CHAIRMAN: Only instead of suing Smith & Davidson they sued the Bending Company. That bond though is to guarantee the business done by Davidson & Smith; is that not so.

MR. ARMOUR: If my learned friend will allow me to see that statement of claim again. The Bond reads this way;

"Knew all men by these Presents: That we, John L. Davidson and John R. Smith trading as 'Davidson & Smith' of Port William in the Dominion of Canada and Province of Ontario, hereinafter called the Principal, and the London Guarantee and Accident Company Limited of London, England, hereinafter called the surety, are respectively held and firmly bound unto Robert Magill, Secretary of the Winnipeg Grain Exchange" ---I understand that Robert Magill was formerly Chairman of the Board of Grain Commissioners?
THE CHAIRMAN: A long time before this, though.

MR. ARMOUR: I know he was formerly. (Resumes reading the Bond): -- "... (and to the successors in office of the said Robert Magill as such Secretary, in the penal sum of Two Hundred and Seventy-five Thousand Dollars (\$275,000.00) of lawful money of Canada, for the payment of which well and truly to be made we jointly and severally bind ourselves and our respective heirs, executors, administrators and assigns firmly by these presents:

"Whereas, the Principal is the owner or operator of a certain private terminal elevator situate at Port Arthur in the Province of Ontario, designated and known as follows, namely Davidson & Smith Private Terminal Elevator.

"And wher as, the Principal has made application to the Winnipeg Grain Exchange (hereinafter called the "Exchange") asking that said elevator shall be declared 'regular' pursuant to the bylaws, rules and regulations of the Exchange;

"And whereas, it is stated in such application that the said elevator will be managed and the business thereof carried on strictly in accordance with the bylaws, rules and regulations of the Exchange and its Council;

"And whereas the Council of the Exchange has required that this Bond shall be entered into as a condition of the

said elevator being declared 'regular';

"And whereas, a strict compliance with all the bylaws, rules and regulations of the Exchange relating to private elevators declared 'regular' is essential for the continued existence and prosperity of the said Exchange, and a violation of any of them will cause great injury to said Exchange and to the interests of its members generally in their business dealings, in addition to the actual damage which may result from such violation to individual members of said Exchange:

"Now therefore the condition of this obligation is such that if the said principal shall at all times manage said elevator and carry on the business thereof strictly in accordance with the bylaws, rules and regulations of the Exchange and its Council, and shall faithfully keep and care for all grain stored in said elevator by any person or corporation, and shall duly issue and deliver registered warehouse receipts to the person entitled thereto for all grain so stored, and shall upon demand and upon the surrender of each warehouse receipt issued in respect of grain purporting to be in said elevator, and upon payment of all proper charges, deliver to the person presenting such warehouse receipt properly endorsed by the person to whose order it was issued the quantity, grade and kind of grain specified in the said warehouse receipt in good condition, and shall indemnify and save harmless the legal holders of all warehouse receipts issued in respect of grain in said elevator against any loss or damage and from any cause to the grain specified in such warehouse receipts and shall promptly and fully to every person or corporation who shall store grain in such elevator (pay?) all loss or damage which may occur to such grain while in such elevator from any cause

whatever, and shall promptly and fully pay all loss, damage and expense which may be occasioned to any person or corporation doing business with the principal by reason of the principal's failure to comply strictly with and fully with the bylaws, rules and regulations of the Exchange; and if the principal shall promptly and fully pay to the Exchange, its successors or assigns, in addition to any and all actual damages which may be recovered upon this Bond by the said Robert Magill, or his assignee or by his successor in office, for the benefit of any other person or corporation, the sum of One Thousand (\$1000.00) dollars as liquidated damages for each and every failure of the principal to comply with any of the bylaws, rules and regulations now in force or hereafter adopted by the Exchange, then this obligation to be void, otherwise to remain in full force and effect.

"It is expressly agreed and understood that suit may be brought and recovery had by the said Robert Magill, or his successor in office, or his assignee upon this bond, not only for the benefit of the Winnipeg Grain Exchange, but also for the benefit of any other person or corporation intended to be protected by this Bond whenever and as often as failure shall be made by the principal to comply with any of the requirements herein set forth (but not exceeding in the aggregate the said sum of Two Hundred and Seventy-Five Thousand (275,000.00) Dollars; and any loss or damage occasioned to any person, firm or corporation by the failure of the Principal to observe and keep all the bylaws, rules and regulations of the Exchange and to faithfully observe all the matters hereinbefore set out in the condition of this Bond, may be recovered by the said Robert Magill, his successor in office, or his assignee, as fully and effectually as if any such loss or damage had been occasioned to the said Robert Magill himself.

"It is further expressly understood and agreed that no

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neglect or refusal on the part of the Exchange or its Council, or any of its officers or employees, to secure or compel performance of any of the provisions herein contained, or of any of the bylaws, rules and regulations of the exchange by the Principal, and no knowledge or information that the Principal has not complied or is not complying with any of the said bylaws, rules and regulations shall in any way or to any extent impair, limit or affect the liability of both the Principal and the Surety hereunder in respect of the claim of any owner or holder of any warehouse receipt issued in respect of the said elevator by the Principal during the existence of this Bond.

"The Surety agrees to pay any and all claims under this Bond within thirty-six days after proof of claim shall have been furnished; provided always, that if the Surety shall at any time give three calendar months' notice in writing to the Principal and to the Secretary of the Exchange of its intention to put an end to the Surety-ship herein entered into, then the liability of the Surety under this Bond, from and after the last day of such three calendar months aforesaid, shall cease and terminate in so far as concerns any act or deed or default of the Principal subsequent to such determination, the Surety remaining liable hereon, however, for all and any deeds, acts and defaults of the Principal as aforesaid for the date of this Bond up to such determination."

THE CHAIRMAN: Now anybody ever proceeded against Davidson & Smith out of this transaction?

MR. ARMOUR: Not that I am aware of.

THE CHAIRMAN: Bawlf & Company were, I presume, the sellers to Washburn & Company?

MR. ARMOUR: Well, they all join in the suit as far as I can see. The writ is dated February 16th, 1925. The Plaintiff

in that suit are M. Bawlf Grain Company Limited, Washburn Crosby Company, and Robert Magill, against the London Guarantee & Accident Company Limited, Defendants, and they sue upon that bond. Now of course the bond is for \$275,000.00, but it is intended to cover transactions, I may say, up to that extent.

THE CHAIRMAN: They must declare that on that bond they have suffered loss to Davidson & Smith. The thing is that nobody yet has proceeded against Davidson & Smith.

MR. ARMOUR: I don't know what has become of this suit, whether it has been prosecuted to trial or anything else.

MR. VAN ALLEN: My information, Mr. Armour, is that, it is coming to trial on May 28th,

THE CHAIRMAN: Does the bonding company raise the defense that Davidson & Smith have not been guilty of any wrong doing or causing any damage?

MR. ARMOUR: Yes they do.

THE CHAIRMAN: What other defense do they raise Mr. Armour? Do they not also raise the defense that the bond itself is void?

MR. WOODS: I don't think so.

MR. ARMOUR: I would not like to say so, because I must say I have not read the statement of defence.

THE CHAIRMAN: I think Mr. Magill told us that that was the real point in issue, the power of the Grain Exchange to require such a bond.

MR. WOODS: The real essence of the defence relates to the matter of the survey, but there are a great many defences raised. They certainly deny all the allegations in the statement of claim.

MR. ARMOUR: They certainly raise some very serious

defences in the action, as far as I can see. One of the things is that the resurvey of the grain in question was wholly irregular and unauthorized and illegal and so on, which puts the whole thing in the pot, so to speak. It might be useful then in that connection that the commission should have before it the whole of the pleadings in that action.

THE CHAIRMAN: This litigation will have to determine whether Davidson & Smith have committed any infraction of that bond. If they have the Bonding Companies responsible.

MR. ARMOUR: As I understood Mr. Smith this morning he said "Here my position is this; I have had that grain inspected by the proper authority. I got my grade certificate. Allright. Those things are used, those documents grade and weight certificates, as negotiable paper, -- the Bill of Lading and so on with documents attached. The purchaser gets those things and that is what he has got. It is like those C.F.I. contracts. There are a lot of cases of these contracts in the Courts of England, as to what the purchaser gets, what he has got to rely on. It is a pure question of law as far as the suitor is concerned. They are proceeding no doubt upon that basis. Mr. ^{Smith} Says his position is this "I did everything I was required to do. I got my certificate from the proper authorities that that was No. 3 Northern." He has got his certificate from Biernes.

MR. WOODS: Issued on Biernes report.

MR. ARMOUR: Biernes being an employee of the Government. Now as far as that is concerned I think that the gravamen

of the charge against Mr. Smith, or the insinuation in respect to the Steamship Pelleck is that Davidson & Smith in these transactions with regard to the Steamship Pelleck must have got at Biernes, paid him to give a false certificate or take a false sample.

THE CHAIRMAN: There must be some intimation of collusion between Davidson & Smith and Biernes.

MR ARMOUR: That is what I am getting at. It is all left in the air. The preamble to this list of things which are to be enquired into, as your Lordship will recollect is by setting out a whole lot of these suspicious things in order to make Davidson & Smith seem to be rascals. Now then in alleging these things they couple the Pelleck, the Snyder, and the Curry transactions, and the only thing that I see to connect these things which are ^{alleged} ~~indged~~ by way of preamble to this enquiry, that is to say as to the personnel of the elevator, is that Davidson & Smith must have corrupted MacLean, Penfold, Biernes, and somebody else in connection with these transactions; in other words, that having corrupted them once, at the Head of the Lakes, they will be in a position to do it again. If I understand language that is what the inference is, or the innuendo intended to be conveyed. Otherwise these things have no earthly connection whatever with the appointment of the staff of the elevator. If your Lordship reads on: My information is that since the happening of these events Davidson & Smith were refused registration on the Winnipeg Grain Exchange subsequent to August 31st, 1922, and that owing to their inability to become bonded they have never since been licenced by the Board of Grain Commissioners and have ceased to operate on this market. My information

also is that the inspector in question was discharged immediately, but that Davidson & Smith's elevator superintendent at that time, one McLean, and the said inspector, are now in the employ of the Vancouver Harbour Commissioners and are in charge of No. 1 elevator."

THE CHAIRMAN: We know that.

MR. FARNIS: My learned friend apologised for that.

MR. ARMOUR: "Having regard therefore, for the alleged relation between Davidson & Smith through the Pacific Construction Company, with the Vancouver Harbour Commissioners, in the matter of the present increase of storage capacity at Vancouver, for the appearance of this mysterious spout, and finally for the re-appearance of apparently discredited officials in charge of the Vancouver elevator, it would seem that there is ample ground for the suspicion that the influence of Davidson & Smith at Vancouver is, if the facts are as reported, a very undesirable one, and that the elevator situation at Vancouver is not all that one could ~~xxx~~ be desired." Now it seems to me from that that what I have said before applies.

THE CHAIRMAN: Oh, there is no mistaking the inference drawn, of course, from all these things.

MR. ARMOUR: Now I propose to go on with Mr. Smith and ask him about these other matters.

THE CHAIRMAN: As far as the Pollock is concerned, you have finished with that have you?

MR. WOODS: Mr. Smith has finished his statement but I don't know whether Mr. Armour has anything to ask him

about it.

WITNESS: I have not finished. Can I say anything more?

MR. WOODS: Anything you like.

WITNESS: In reference to the survey of the Hollock, one of the most outstanding things that ever occurred was on that survey, in so far as they broke the Canada Grain act in every possible way by surveying a portion of that grain that was mixed with the Pacific Elevator shipment. The Act is very clear on that, that if the identity of the grain is not preserved no survey can be held. But notwithstanding anything of that nature they took it away from Ft. William, took it down to Buffalo out of our jurisdiction or any place where we could handle it to advantage, and held a survey on it there, contrary to the Act, even if it was in Ft. William. A part of nos 1 or 3 held was loaded at the Grand Trunk Pacific Elevator, yet they take a sample at Buffalo and survey on that sample; that was mixed grain.

THE CHAIRMAN: They took a sample of both holds at Buffalo, did they not? A: Well one hold was loaded partly ---

Q. I understood that: partly from your elevator and partly from the Grand Trunk Pacific. And the other one was loaded entirely from your elevator? A: Entirely at our place.

MR. WOODS: Now as I understood the evidence, Mr. Bowen took samples out of both of those holds? A: Yes.

Q. And you contend that under section 55 --- A: 101.

Q. / No, but section 55, subsection 3 of the ~~grain~~ Act says "No appeal shall be considered in any case where the identity of the grain in question has not been preserved".

Is that what you refer to? A: Yes, sir.

THE CHAIRMAN: Mr. Bowen just took samples and sent them back to the inspection department; it was at Winnipeg they were declared to be 4 and 4 tough?

A. Yes, sir. No, 3 tough and 4 tough.

Q. Your point is that as part of the contents of one of these holds came from two different elevators there was no appeal possible? A: No appeal possible.

Q. What would you say as to the remedy of the buyer in that case where you have to supply him a certain quantity of wheat and you take from two elevators into the same hold? A: Well, the supplied, your Lordship, ~~the~~ wheat as per our agreement, at lease it was according to papers surrendered. And we not only get the certificate as far as Biernes was concerned, but that samples was reviewed at the up town office by Mr. Symes, and the grading of Biernes was concurred with at the Office.

Q. Yes we knew that. A: Yes.

Q. But the point is this: here is a hold filled with No. 5 wheat coming out of different elevators. Well now, you contend that under the Act there is no appeal allowed to the buyer in such a case, that it is too late? A: I get your point. Well, in a question like that, your Lordship, the samples that are received, the original samples, they survey on those samples. Now on that question there, in that one hold, if that boat was loaded, and they had the Grand Trunk Pacific put on regular 5 Northern grain and I put on something that would be 4, they they would survey on my sample and I would be responsible for the deterioration of that grain ^{or} ^{other}

I would, or at least ~~was~~ if the elevator that loaded that out.

Q. Yes. A: But this is a different case ^{all} ~~with~~ together. They took that on, both grains, both elevator grains was mixed together, and they took it down to Buffalo, and they took a sample of the two, and it is just as reasonable to think that the Grand Trunk Pacific grain is below, as mine.

Q. That is the sample as taken out of the ~~last~~ bulk in the hold? A: Yes.

Q. And that sample may have been a composite sample?

A. Yes.

Q. But at the same time, had they not kept a sample of your wheat? A: Well I don't know what they done with that. They had, of course.

Q. I understood they had that. A: Well they didn't ~~xx~~ survey on the sample.

Q. Yes, they ^{had} ~~xxxx~~ that, because Biernes is the inspector at your elevator. A: Yes, sir.

Q. Anything loaded out of your elevator was inspected by him, of course? A. Yes, up town.

MR. WOODS: The whole question comes down to this: we don't want to go into the question of whether the defences in the action are right or not right. They may be perfectly good defences in law, and what you say as to your position may be quite right. The point we want to get at is this. There was a sample taken by Biernes at the Elevator? A: Yes.

Q. And there was another sample taken by Endersby's man at the elevator too? A: Yes.

Q. And there was a sample taken by Mr. Bowen at Buffalo. I am speaking of the hold that was loaded out of your boat, No. 3 hold, not the one that was mixed with the Grand Trunk Pacific; and the sample taken by Mr. Bowen and the sample taken by Enderby's man agree; they were the same; and the sample taken by Biernes at your elevator apparently ought to have been the same, and instead of that it was No. 3, and the sample in hold 3 was No. 4 tough. Now have you any explanation of that? A: I don't think the sample taken was correct. That is I don't think --

Q. Which sample? A:--The sample that was taken at Buffalo was the correct sample.

Q. Well then, you are challenging Mr. Bowen's ability to take a sample? And mind you, it was the same as the sample taken by Enderby's man? A: I don't know about that.

Q. Well, according to the evidence. That is the evidence we have.

THE CHAIRMAN: Mr. Serls told us that.

MR. WOODS: And the samples were there at the time this was investigated. Were you there? A: No I was not.

Q. Were you not examined there? Well, Enderby is just a private sampler at the Head of the Lakes? A: Yes.

Q. He used to be a government Deputy Inspector? A: He used to be an inspector. He was at the government elevator when the Curry was loaded there.

Q. And he is gone into business for himself? A: Yes.

Q. And you can hire him or I can hire him or anybody else that wants to protect himself, and he is a perfectly good man? A: Yes.

Q. And he has some samplers under him to take samples.

A. He had one that day.

Q. They took samples, and their sample, according to the evidence given by Mr. Berle here and the evidence in the report agreed with the sample that Bowen took at Buffalo? They were No. 4 and 4 tough? A: No.

Q. 3 in the Grand Trunk Pacific and your own elevator?

A. Yes.

Q. But in this bin of yours it was 4 tough, and both these samples were that, and yet this sample that Biernes took at your elevator was 3 Northern? Now you knew you cannot mistake 3 Northern for 4 tough? A: Well I know that the grain that was loaded at our elevator was 3 Northern. There is no question in my mind on that, and I got the certificate. I don't know what kind of sample they took at Buffalo at all.

Q. But you get a certificate founded on Biernes report to Mr. Symes.

Q. And that certificate was issued as a result of the examination ~~that Biernes made~~ of the sample that Biernes delivered? A: Which was a correct sample.

Q. Well, now how do you know it was a correct sample?

A. Because we always took correct samples. ⁴¹ You see the only way in which that could happen would be, that either the sample was switched on Biernes, or else Biernes was a party to switching the sample himself.

MR. ARMOUR: Well now we are getting a little ahead of the story.

WITNESS: I know what I loaded. The grain was No. 3 Northern. I have mixed and handled a lot of grain. I knew a little about it.

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Q. I know. I have seen accounts of it. A: It was mixed 3 Northern. It was 3 Northern wheat that I loaded. That was just what it was.

Q. It was from your mixing house, was it? A: Minimum 3 Northern.

Q. ^{line was it?} It was on the ~~right side~~ A: Yes sir, always mix it that way.

Q. You mixed it right down to the minimum? A: Yes sir.

MR. ARMOUR: Which is perfectly legitimate.

MR. WOODS: But you must have had some --- there would be some doubt in your own mind whether it was 4 or 3, if it was right on the line? A: There wouldn't be any doubt in my mind after the inspector said it was 3 Northern. It was loaded in the day time. If I unloaded it at night I would have thought differently, but it was loaded so a man could inspect as it was loading. There is no doubt in my mind. As to the sample they took at Buffalo, I have known samples to be different from the quality of the grain.

Q. You knew that this same Pollock case has been commented on in the United States? A: I knew Mr. Woods. But when that case came up first --- we are reputable, we can pay the difference between them, you know, and I wired Dr.

Magill to let --- not go through the bond company, but Davidson & Smith are reputable people -- at least at that time, before these charges came up, we were -- and we could take care of it, and to not bother about going to law: If they could prove anything had been irregular or we had not lived up to our contract it was a simple matter for us to adjust it.

Q. Did the Grain Exchange have an investigation?

A. The Grain Exchange asked me to come to Winnipeg. I was a member of the Winnipeg Grain Exchange, and I said "I am not going to allow the Winnipeg Grain Exchange to arbitrate on it." I had my reason for that. We have Courts in this country and I wanted a Court case. I wanted to have a change for my alley.

Q. Did they have the arbitration, the Winnipeg Grain Exchange? A: No they didn't have an arbitration because I wouldn't arbitrate. I refused.

Q. Did they have a hearing, investigation? A: I suppose they had a Council meeting. I think so.

Q. They went into the thing in the Council? A: They went into the thing in the Council.

Q. And did you get a notice from the Council or information as to whether they had decided what you ought to do? A: The Council told me I should appear in front of them.

Q. After they heard about the thing, did you hear what their decision was on the merits of the matter? A: Well, they just -- they took the survey, of course; they took the survey that was made.

THE CHAIRMAN: You mean they accepted the ruling of the inspection department? Is that what you mean? A: Yes sir.

MR. WOODS: Did they notify you that you ought to pay the claim? A: No.

Q. Well that was their decision was it not, that you as a member of the Exchange should --- A: No, they had ---

I contended that I would not arbitrate: I had my reasons for that, and I wanted them to make a test case in court on this thing, which I am waiting for and will some day

have it out.

Q. Well that is this case that has come up? A: Yes sir, this case. I haven't paid any attention to it, it is of no interest to me at all otherwise than that I appear in that way.

Q. As a matter of fact under the bylaws of the Grain Exchange should you not have submitted to their decision if they decided you ought to have paid the claim?

A. No not the way I consider it.

MR. ARMOUR: He is still a member and he would have been expelled if he had not agreed to the ruling. They have not expelled you have they? A: Well that is one of the points I thought would be brought up, because I ---
MR. WOODS: You are still a member in good standing of the Winnipeg Grain Exchange? A: Never had anything against me so far.

THE CHAIRMAN: It is brought up of course. Any way you say you are still a member in good standing? A: Yes.

MR. WOODS: As to the elevator, the elevator was closed was it not by the Board of Grain Commissioners? A: No sir.

Q. Well it only operated for a couple of months in the season of 1922-23? A: Well, I figured I was up against obstacles that it was impossible for me to work under, such things as that; and there are other things, and I had been ~~fitting~~ fighting, and I have a paper at Pt. Arthur, and of course we write a few articles.

Q. Yes. You don't write these yourself do you? A: No. I sometimes draft a note.

Q. You tell them what to write? A: Yes. We do things like that you know; I was very active for certain reforms for over five years. I had the screenings question.

We built a plant that cost us \$265,000.00, thinking that we could use the product from the different elevators there, and of course on account of the screenings pool, with the help of the Grain Commission by not allowing us to get what we paid for, why, we could not operate it, we were up against obstacles.

Q. That is this feed mill? A: I think we had four different cases on that.

THE CHAIRMAN: Cases of what? I don't understand. It is rather cursory. What do you mean by four cases?

A. Four different complaints, trying to see ---

Q. That is you complained four times did you? A: The different companies that I was interested in.

Q. Complained to whom? A: The Board of Grain Commissioners.

Q. Complained of what? A: The quality of the screenings. We could not get what we paid for.

Q. And what did you want the screenings for? A: Wanted the screenings to have a manufacturing plant there.

Q. To manufacture standard screenings do you mean? A: Well we have --- it is what we call a balance ration feed, they have two hundred in the United States, and all our screenings go to the United States and are manufactured into feeds there and they are sent back to Canada. In the Eastern States it is what they call molasses feed.

Q. Yes they mix molasses with it? A: Molasses and other different things.

MR. WOODS: Mr. Smith you were going on to say that ~~the~~ because of all these things you did something with your elevator, shut it up or something? A: Oh, no.

Q. How did it come to be shut up? A: We rented it for \$65,000.00.

Q. You went out of it anyway? A: Yes.

Q. Your operation of it ceased? A: Yes, in that elevator.

Q. Because you thought you were up against difficulties in connection with the ministration -- A: Absolutely.

Q. ---down there? A: Yes.

THE CHAIRMAN: You had better read to him just how it is put here on page 4 of the charges. See what he says categorically on that. Here, I will read it. Mr. Van Allen says, ~~with xmx~~ after referring to the Pelleck matter "My information is that since the happening of these events Davidson & Smith were refused registration in the Winnipeg Grain Exchange subsequent to August 31, 1922, and that owing to their inability to become bonded they have never since been licensed by the Board of Grain Commissioners and have ceased to operate on this market." What do you say to that? A: We never applied. They might have refused us if we applied, but of course we did not.

MR. WOODS: You did not take any chances? A: No we could have got it.

Q. You could have got it? A: Yes.

Q. No doubt about that? A: No doubt about that.

We could have got it very easily.

MR. ARMOUR: I think we are getting a little bit off the track.

THE CHAIRMAN: The point is this. Here is the wind-up of the Pelleck. Mr. Van Allen says that as the result of the Pelleck case two things happened, "Davidson

& Smith were refused registration in Winnipeg Grain Exchange subject to August 31st," You meet that by saying you are still a member in good standing of the Grain Exchange, Is that your answer to that?
A. Yes.

MR. WOODS: There is no doubt that Mr. Smith is a member in good standing.

THE CHAIRMAN: The charge is that Davidson & Smith were refused registration.

THE CHAIRMAN: That is what I am talking about. That is the elevator.

MR. ARMOUR: Let us find out about that?

THE CHAIRMAN: Find out about these two things, that and the inability to become bonded.

MR. FARHIS: Mr. Smith is on the list of members.

MR. WOODS: There is no doubt he is a member for this year.

MR. ARMOUR: Now I want to read to you Mr. Smith the way this thing is put: "My information is that since the happening of these events Davidson & Smith were refused registration in the Winnipeg Grain Exchange to August 31, 1922." Was there any registration of Davidson & Smith in the Winnipeg Grain Exchange? A: Yes.

Q. There was? A: Yes, we are registered there yet.

Q. You are? A: Yes.

Q. What is that registration, what does it require? What is the object of it? Do you know? A: The object is that any business that is done, the firm is registered, that is the party that has the seat, is responsible, they hold him responsible.

Q. It is just like the case of the stock exchange where there are partners carrying on business as stock brokers, one of the members only may be a member of the stock exchange? A: That is it I would think.

Q. That is the idea?

THE CHAIRMAN: We were told in Winnipeg, you remember, Mr. Woods and Mr. Van Allen, that a seat in the Grain Exchange is always sold to an individual; for instance, the United Grain Growers are not registered there. They have a man Mr. Crerar who is registered there.

MR. COMMISSIONER MACGIBBON: The firm is registered but the individual holds the seat.

THE CHAIRMAN: I thought, I understood this, that a seat on the Grain Exchange was always held in the name of an individual.

MR. WOOD: The firm is registered.

THE CHAIRMAN: But an individual holds the seat.

MR. VAN ALLEN: But the firm is registered.

MR. WOODS: The individual is the member and the firm of which he is a member is registered by reason of his membership.

THE CHAIRMAN: Registered as what? The individual may not be anything else, but an individual member of the Grain Exchange.

MR. VAN ALLEN: The reason he becomes a member is so that the corporation can have trading facilities on the floor.

MR. ARMOUR: This is not a corporation, but a partnership.

THE CHAIRMAN: The point is this I may become a member of the Grain Exchange without being a member of any

corporation if I want a seat on the Grain Exchange, I can get it. But the United Grain Growers cannot have a seat on the Grain Exchange; Mr. Grerar can. They may be registered for other purposes. They may be registered as a regular private terminal elevator or as grain brokers or something else. That is the way I understand it .

MR. ARMOUR: Perhaps my learned friend Mr. Van Allen will take the Commission into his confidence and state what he means by this allegation that Davidson & Smith were refused registration in the grain exchange subsequent to August 31st, 1922.

MR. VAN ALLEN: That meant that they were not registered as operators of private regular terminal elevators.

THE CHAIRMAN: That they were refused registration. What do you say to that?

MR. WOODS: Mr. Smith says that they were not refused because they did not apply and that he did not apply because he apparently understood he would be refused if he did apply.

MR. ARMOUR: Q: You are J. R. Smith, aren't you? A: Yes.

Q. I held in my hand two tickets which are, I understand, certificates that J.R. Smith is a member of the Winnipeg Grain Exchange. One is dated October 9th, 1923, which ran out on the 29th of February, 1924, and the other is dated March 1st, 1924, and run out the 31st of August, 1924. So that according to that you are a member of the Winnipeg Grain Exchange at the present time? A: Yes, sir.

MR. ARMOUR: I don't want to file these.

THE CHAIRMAN: No, no, that is all right.

MR. ARMOUR: A: Now, then about this registration of the

firm of Davidson & Smith, what have you to say as to that. It is stated here "Davidson & Smith were refused registration in the Winnipeg Grain Exchange subsequent to August 31st, 1922. What about that? A: Never refused registration.

Q. You were never refused --

THE CHAIRMAN: Perhaps we had better know so that there will not be any more discussion about it, in what capacity they were registered.

MR. ARMOUR: Davidson & Smith were at one time registered on the Winnipeg Grain Exchange were they not? A: Yes, I think they are registered yet, I am not sure, without feeling for it, but I am quite positive that we are registered there yet.

Q. What is the object of registering the partnership?

A. So that you can do business on the Winnipeg Grain Exchange.

Q. But you as a member of the Winnipeg Grain Exchange could do business, could you not, on behalf of the partnership? A: Certainly.

THE CHAIRMAN: In what capacity were they registered in the Grain Exchange. As what? Davidson & Smith?

A. Well, your Lordship the way, the actual way the thing was carried out is that a firm does business but an individual is registered, you see.

Q. I knew: As having a seat on the Exchange? ~~Is that~~ That is one thing, but a firm may be registered for other purposes? A: It is registered to do business in Davidson & Smith's name in the Winnipeg Grain Exchange.

Q. What kind of business? A: Grain business, any kind

of grain business.

4. Any business? A: Any business that can be conducted.

MR. COMMISSIONER MACGIBSON: If you were operating on the Winnipeg Grain Exchange today you would make contracts in the name of Davidson & Smith which would go through the clearing house? A: Of course.

THE CHAIRMAN: In the name of Davidson & Smith? A: certainly

MR. ARMOUR: Just the same as is done in the Stock Exchange every day. A: I have also a clearing house receipt and I am a Lake Shipper and I am also on the Winnipeg Clearing House to do any kind of business.

MR. VAN ALLEN: Except to operate a private terminal elevator A. That too.

MR. ARMOUR: Before we leave the Pellock matter ---

THE CHAIRMAN: The point is this, to clear up. The Clearing House recognized Davidson & Smith? Is that right? A: Yes.

MR. WOODS: Will you take up the question of their registration as an operator of a regular private terminal under bylaw 24?

THE CHAIRMAN: Well, admittedly they are now operating a private terminal, so they can't be registered as operators.

MR. WOODS: That is what this thing I understand refers to. In order to continue to operate as a regular house they have to apply for a bond, file a bond and get a license - or get a recognition from the Winnipeg Grain Exchange.

MR. ARMOUR: Let me finish that up, I think you are getting a little out of order. You suggest Mr. Chairman with regard to the "Pellock" that I should finish that up. We have drifted on to these further things and it seems to me that it is a little out of order but still -- now, the

allegation here is that any warehouse refused registration. Mr. Smith says that is not so.

THE CHAIRMAN: You may as well complete. "Refused registration as a private terminal elevator operators" That is what Mr. Van Allen says.

MR. ABLEUR: They confine it to that now. What is the reason for that? Did you ever apply? A: Never were refused.

Q. For what reason? A: He never applied.

Q. How did that come to be? A: Because we had rented our building.

Q. You were no longer operating a private terminal elevator? Is that it? A: That is it.

Q. Now there is a further allegation, that owing to their inability to become bonded they have never since been licensed by the Board of Grain Commissioners and have ceased to operate on this market. What about your inability to become bonded? Is that tied up with this other thing? A: It was not necessary to get a bond when you were not taking out a license.

Q. I see. You never applied to the Grain Commissioners for a license? A: No.

Q. As I understand you it is only necessary to have a bond when you apply for a license? A: Certainly.

Q. And that all occurred by reason of the fact that you gave up operating there? A: Yes.

Q. You leased your elevators? A: Yes.

Q. For some \$65,000 a year, is that it? A: Yes.

Q. Now I want to go back, and I think you told me that the reason, or you told my learned friend Mr. Woods that the reason you gave up business in Port Arthur, or Port William, whichever it was, that you found conditions so

antagonistic or the authorities so antagonistic that you thought you might as well get out of the business there, is that right? A: That is absolutely right.

Q. I want to go back for a moment to the question of the steamship "Pellico". That is a case in which Mr. Biernes was the Government Inspector. Isn't that right? A: yes sir.

Q. Who was, as you have heard subsequently, dismissed, and we were told by those in authority that the reason he was dismissed was because he could not explain why his sample taken of that shipment differed so materially from the samples taken from the private sampler and by the inspector at Buffalo. Now, had you anything to do with that sample taken by Mr. Biernes, in the way of altering it or procuring it to be altered? A: Certainly not.

Q. Did you influence Biernes in any way in regard to the matter? A: No.

Q. Did you pay him any money to make a false sample? A: No.

Q. Did you promise him anything? A: No.

Q. Or held out any inducement to him whatever to make a wrong sample? A: No, sir.

Q. No? Because that is the insinuation, Mr. Smith. It is covered up in words, but it connects you or the firm of Davidson & Smith with these matters and can only lead to the suggestion that you were responsible or either you and Davidson, or Smith, or Davidson or Smith were responsible for Biernes turning in a false sample. You understand that? A: quite.

Q. Now what have you to say? Had you anything to do with it, good, bad or indifferent? A: I had nothing to do with turning in the sample or the inspection. We don't have anything as operators, as far as turning in the grading

of grain is concerned.

Q. Now there is another suggestion, you see --

A. We can't determine the grade. It is determined by the Inspection Department, not us.

THE CHAIRMAN: You are told to turn out a certain quantity of a certain grade, you start turning it out. You are responsible to that extent? A: Yes, Our responsibility ceases when we get the certificate.

MR. ARMOUR: What I am getting at is this --

THE CHAIRMAN: All right, I have got it.

MR. ARMOUR: There are two suggestions here as far as I can see: either that Biernes was influenced in some improper way to turn in a false sample or that after he sent in his sample in some way that sample was switched while it was in the Inspection Department by the connivance of inspection officials: It must have been I suppose. What have you to say in regard to that? Have you anything good, bad or indifferent to say in respect to that sample taken of that shipment? A: In reference to that sample there were two men with Mr. Biernes, I haven't the evidence here, but I think Mr. Woods has the evidence and they said that the sample was a representative sample of the cargo that was loaded.

MR. CAN ALLEN:- Oh, they did not say that. What they said was that the sample that they took from the boat was a sample they turned over to Mr. Biernes. They did not say the sample they produced in court was the same sample they took in or anything like it.

MR. ARMOUR: I don't care about that. The suggestion is here if I understand language, as I said before that Biernes having in view the way the things has developed.

must have been influenced by Davidson & Smith or must have been negligent in their interest, or bought up in some way to favour them in turning in their sample.

I want to know from Mr. Smith what there is in that?

A. Take the man's history. He worked for eighteen years ---

Q. Never mind that. Just answer my question. A: To my opinion he certainly was not negligent in any way, in shape or form.

Q. Were you responsible for him turning in that sample of that shipment as No. 3 Northern? A: I am not responsible for any samples he turns in.

Q. Let us go down to brass tacks. You understand what I mean. The suggestion is this, if anything at all, is that James must have got at by you, or the firm of Davidson & Smith, either to turn in a false sample or doctor the sample after it was turned in. Is there any truth in that? A: Not to my knowledge.

Q. Well you know? A: I know.

Q. Well, say one way or the other? A: No certainly not.

Q. That is so far as that is concerned. Do you want to go on with this "Pellock" shipment now?

THE CHAIRMAN: You are finished with the "Pellock"?

MR. ANNOUR: Yes.

MR. VAN ALLEN: Mr. Smith, the man Endersby I think you have said was for some years an inspector under the Board of Grain Commissioners? A: Yes.

Q. And was a qualified inspector as far as you knew?

A. Yes.

Q. Now, I understand you to say, I think, to my learned friend, Mr. Woods, that you were not satisfied with the sample taken out of hold 3 on the outturn at Buffalo by Mr. Bowen?

A. I did not say anything about that sample at all.
Yes, I did.

Q. I am not speaking of the grain in the other compartment which partly came from your house and partly from the Grand Trunk house, I am only speaking of the grain in the hold that contained the grain which all came from your house? A: Yes.

Q. My understanding of your evidence is that you do not think that the sample taken by Inspector Bowen on the outturn of that hold was a proper sample? A: Was a representative sample.

Q. You say it was not a representative sample? A: That is what I think, yes.

Q. Have you any reason to believe Mr. Bowen would take an improper sample? A: I have this reason, I would say that he could not take a proper sample out of that hold.

Q. Why? A: Because there was two marine legs in those two holds and he would have to sample that after it went through the marine leg. I don't see that he could take as good a representative sample as could be taken out by three men, Biernes and his two men, when it was being loaded.

Q. Why could't he take a fair sample after the grain comes from the marine leg and goes into the garner or wherever it goes? A: He was sampling off more than one leg.

Q. Off two legs? A: Two legs.

Q. That is exactly the way Endersby and Biernes were doing? A: That is different. The leg is different. The marine leg and the leading spout is altogether different.

Q. What I mean to say is this, there would be nothing in the marine leg in any way to contaminate the grade, to reduce the grade? A: No, it would run different, the marine leg goes to the bottom and gets a certain amount of grain and the clean up would be different.

Q. That is the only reason you have for saying that Mr. Bowen did not get a proper sample?

A. Oh, I have several reasons besides that.

Q. Have you reason to think he would have any improper motives?

MR. ARMOUR: Isn't this trying the suit?

MR. VAN ALLEN: The witness says that he has several reasons for saying Mr. Bowen did not get a proper sample. He gave one and said in the first place that he did not think a proper sample could be got from the marine leg and I asked him if he thought Bowen had any improper motive for taking an improper sample and my friend objects.

MR. ARMOUR: I am not objecting so much, but it seems to me it is wasting time trying this suit which is to be tried in Manitoba.

THE CHAIRMAN: I know, but at the same time Mr. Smith in explaining this incident offers this as part of his explanation.

MR. ARMOUR: I am not pressing my objection.

THE CHAIRMAN: As a matter of fact, I don't think it is worth while taking up much more time with it, for this reason, that we were told here are the samples taken of what went out of the Davidson & Smith elevator into both these holds, and here likewise are the samples that came out of the Grand Trunk Pacific elevator and then you have what Mr. Bowen took at Buffalo. Mr.

Serls told us that the sample that came out of the Grand Trunk Pacific Elevator was all right, that is it was No. 3 so that it could not contaminate the rest of the hold, but the bulk sample of the whole hold was No. 4.

Mr. OODS: No, no. 3 tough, but the hold loaded out of the elevator was No. 4 tough.

THE JUDGE: Under these circumstances there cannot be any complaint of the Grand Trunk Pacific grain being in the same hold if the sample is a representative sample of what they put in and what went out as No.3. As far as Mr. Bowen is concerned we were told that he took samples in the usual way, the way he does when he is instructed to take samples. Of course, we cannot determine the lawsuit. It is quite proper for us to hear Mr. Smith as long as he is saying anything pertinent; we have been compelled to listen to the case without him being present, that is in his absence. We have had occasion to hear different things about Davidson & Smith and we have listened to them because we felt we could not shut the evidence off in the course of our inquiry, and now they have an opportunity to explain they ought to be allowed to explain fully. If Mr. Smith wants to persist in talking about the way Mr. Bowen took the sample, I don't

think it would be of much benefit to us, but we will listen to him.

MR. ARMOUR: Of course I want Mr. Smith to listen to me. I think this is all beside the question.

MR. WOODS: That is the only point; that is on the question of why the samples were different. You understand that, Mr. Smith?

~~XXXXXXXXXXXXXXXXXXXX~~ MR. ARMOUR: Mr. Smith says, "I don't care what the samples show. I got my certificate from the Government.

THE CHAIRMAN: He said Mr. Biernes put that grade on it, and he had nothing whatever to do towards influencing him or bribing him or inducing him in any way to put the wrong grade on it, or to allow the sample to be changed after it came into his possession.

MR. ARMOUR: I say that is the point of the whole thing, because my learned friend Mr. Van Allen in making these charges started out with the history of Davidson & Smith, bringing it down and linking them up with the employees of the elevator here. He said, "Davidson & Smith did these things, which are wrong. The only inference which can be drawn from these things is that Davidson & Smith were guilty of not only corrupting Biernes but Penfold and somebody else in connection with these matters." Now it seems to me that there is no sense in pursuing that matter further. Mr. Smith says, "I had nothing to do with corrupting Biernes in connection with this matter. He gave his samples and I got my documents." And as far as the dispute between Washburn Crosby and Magill and others, that is purely a question of a commercial transaction between them, a dispute.

THE CHAIRMAN: I know. Well, you can leave it at that

MR. ANNOUR: Well, I don't want to stop Mr. Smith, but (to witness) but, if you want to go on, it seems to me it is wasting time.

MR. VAN ALLEN: Mr. Smith, have you any complaint against the Survey Board that surveyed these samples? A: Yes sir.

Q. What complaint is that? A: Well, I could bring you some evidence. I haven't it with me now.

Q. In the first place, I understand you object to the Survey Board surveying the sample of grain from hold No. 1, which contained grain from two different houses. You object to it on that ground. Now, what other objection have you got? A: I object to a survey being held on a sample taken in a foreign country.

Q. That is your second objection? A: Yes. If I was there to see the sample taken---there has been a lot of manipulation in these other elevators, these Buffalo elevators; and they might send a sample back with corn in it.

Q. But your sample was taken by Mr. Bowen? A: It would not make any difference by whom it was taken. I would want to see it taken.

Q. Would you have any other complaint against the Survey Board? Would they be biased in any way? A: The Survey Board would appear to me to be biased for the reason they would put tough, excessive moisture percentage on grain which had gone over a thousand miles.

Q. But you would not say they would be biased against your firm? A: Not exactly.

Q. As a matter of fact the Survey Board would not know whose grain was surveyed? A: Oh yes, they would.

Q. Do you say, Mr. Smith, the Survey Board did know they were surveying a sample of Davidson & Smith's grain?

A. I would say yes.

MR. SMITH.
26-5-24.

Notwithstanding
Q. / The evidence before this Commission at Winnipeg from its Secretary, Dr. Magill, Bell, that this Survey Board never knows whose grain is being surveyed?

MR. WOODS: I don't know about that. I would be inclined to agree with Mr. Smith. A good many times they know whose grain they are surveying.

THE CHAIRMAN: We have Mr. Young here. Perhaps he can tell us. Does the Survey Board know sometimes know whose grain they are surveying?

MR. YOUNG: Oh yes, they do sometimes know. If it is a question of a cargo or a parcel from a private terminal which is determined under a little different standard, should they ask the question of the Secretary, he would tell them; but in most cases they don't know. Unless it is in cases of that kind they don't know whose grain they are ~~examining~~ surveying.

THE CHAIRMAN: But they may know?

MR. YOUNG: They likely would know this case.

THE CHAIRMAN: Were you on this particular survey?

MR. YOUNG: I was.

THE CHAIRMAN: Did you know whose grain you were surveying?

MR. YOUNG: I had a very good idea. I might say I saw all the samples, the sample taken by the independent sampler and the sample from the two different holds taken by Mr. Bowen at Buffalo, and a sample from that was taken from the cargo shipped through from the Grand Trunk Pacific, and the sample taken from Smith & Davidson's elevator.

MR. WOODS: Could there be any mistake between them?

THE CHAIRMAN: WAIT NOW.

MR. ARMOUR: The point that was made is this: did the Survey Board know whose grain was being surveyed?

MR. SMITH.
26-5-24.

THE CHAIRMAN: Mr. Young says, yes.

MR. VAN ALLEN: Mr. Young said he had a pretty good idea.

MR. ARMOUR: I think, if pressed a little further he would say he did know.

MR. VAN ALLEN: As a member of the Winnipeg Grain Exchange you of course would be familiar with the bylaws of that organisation? A: Not very familiar.

Q. But you would be familiar with bylaw 25, which deals with regular elevators? A: Yes. Not "familiar".

Q. I know what you mean: -have a general idea of them?

A. Yes.

Q? Now referring to this provision of the rule as to the power of the Exchange to bring a suit and the power of the Council to hold an investigation, I think you told my learned friend Mr. Woods that you did receive notice of a hearing to take place before the Council of the Winnipeg Grain Exchange with reference to this shipment? A: Yes.

Q. You did receive notice of that? A: Yes.

Q And the Bond Company received notice of that? Did you know that? A: Well, I don't know what they received.

Q. Were you present? A: No sir.

Q. Was your firm represented? A: Represented by counsel, yes.

THE CHAIRMAN: Represented where?

MR. VAN ALLEN: At the hearing by the Council of the Winnipeg Grain Exchange.

MR. ARMOUR: Is this thing germane to this Inquiry at all?

THE CHAIRMAN: I don't know what he is going to come to next. We know he had counsel before this meeting of the Council of the Grain Exchange.

MR. VAN ALLEN: AND THERE WAS a hearing conducted by the Council? A: Yes.

MR. SMITH.
26-5-24.

Q. That is the Council of the Exchange?

A. Yes.

Q. And you had your own lawyer there? A: Yes.

Q. And certain evidence was laid before the Council, -you were likely advised of that by your solicitor? A: I wasn't there.

Q. But you would be advised to that effect by your solicitor? A: Well, the solicitor had instructions to say that the matter-----it was of such small interest to Davidson & Smith that he just appeared through courtesy, and that they had recourse to the Courts, and would welcome that this thing be taken up at once. That was the situation.

Q. Well, after that hearing, Mr Smith, in the fall of that same year, 1922, did you know that the Council of the Exchange did declare under this provision in the bylaws that your firm, Davidson & Smith----

THE CHAIRMAN: Does he know what they did declare, first?

MR. VAN ALLEN: Did the Council make a declaration as to the result of their inquiry? A: I don't recall that. I say I never paid much attention, because----

Q. Do you know whether the Council of the Grain Exchange did declare that your firm were in default on the said warehouse receipts? A: I don't think so.

Q. You don't think they did? A: No.

Q. Will you swear they did not make that finding?

A. I don't know. I say I am not sure of that.

Q. Your evidence is that you don't know whether the Council of the Winnipeg Grain Exchange did declare that you were in default on these same warehouse receipts?

A. To the best of my understanding they did not declare that I was in default.

Q. Now I am not talking about you. I am speaking of the firm of Davidson & Smith. A: Well, the firm of

Davidson & Smith. I represent the firm of Davidson & Smith.

Q. And you say that to the best of your information they did not make that declaration? A: Yes.

THE CHAIRMAN: Are you to bring evidence about this, Mr. Van Allen?

MR. VAN ALLEN: I was going to take this position, that if this witness denied this I was going to ask for a subpoena for a witness from Winnipeg to prove this statement.

THE CHAIRMAN: You allege that they were refused registration and so on, and all these things?

MR. VAN ALLEN: They did not register as a regular private terminal.

MR. ARMOUR: Because they gave up business.

MR. VAN ALLEN: Furthermore, Mr. Smith, did the Exchange itself, after this hearing, decide that your ~~firm~~ your firm, Davidson & Smith, was in default to the Bowls Grain Co. and the Washburn Crosby Co. in a certain amount of money? A: No.

Q. At least you have receive no notice of it?

A. As far as all the information I had was that counsel presented the case as I told you.

Q. Your counsel? A: Our counsel, and we told them that there is only one way they could settle that, was in the Courts. It didn't make a bit of difference; any way they could take it would be satisfactory to us; but that was the only way it could be adjusted.

Q. In other words, your counsel took the position there that you refused to recognize the right of the Council of the Winnipeg Grain Exchange to deal with the matter in any way? A: Most certainly.

Mr. Smith.
-26-5-24-

Q. Notwithstanding that section 9 of by-law 25, which is part of the constitution of the Winnipeg Grain Exchange? A: Yes.

Q. That is the position you instructed your counsel to take? A. Yes.

Q. And you say that after that enquiry was held that you received no notice either that the Council had declared you to be in default on these warehouse receipts, or that the Exchange had itself decided you were in default to the plaintiffs in this action? A: I don't know as to that. I had several letters on that, I don't recall that just now.

Q. You don't recall whether the Exchange decided you were in default to these plaintiffs, the Bawlf Grain Company? A: No I wasn't in default.

Q. I am asking if you received any notice from anybody that the Exchange decided you were in default. I am asking if you received any notice of such action on their ~~part~~ part? A: All this thing was taken through myself. They asked me; I had a personal wire from Dr. Magill and I told him the thing was of such small interest to me I would not appear, but out of courtesy I would have the solicitor go there, and I told him to direct his remarks and communications to the solicitor, and it all went to F. E. Keith, of Port Arthur. I cannot remember all the communications or anything of that description because I get several letters every day.

THE CHAIRMAN: Mr. Smith's knowledge would be limited.

At the same time, you have the fact that Dr. Magill is a party plaintiff in the suit against the Bonding Company. That must mean that he considers, that the Grain Exchange considers, default has been created, in suing the Bonding

Company. But Mr. Smith says he doesn't know, paid no attention to it.

MR. ARMOUR: As a matter of fact he does not care, from his standpoint.

MR. VAN ALLEN: You said something about the marine leg installed in your waterfront elevator at the head of the lakes, that this load could have been taken out of the boat, and put back in the house again?

A. Certainly, that is what a marine leg is for.

Q. Did the grain loaded from your house complete the cargo loaded on that boat? A: I don't think so. I am quite sure it did not.

Q. Was the balance of the cargo taken from the Grand Trunk? A: I was loading boats every other day or so and that was like any other boat to me. I never expected any trouble or I would have had all that information with me. I did not think of it at the time.

Q. Was the loading completely at the Grand Trunk?

A. I don't know anything about that.

THE CHAIRMAN: What was that?

MR. VAN ALLEN: I asked if they completed loading at the Grand Trunk or Smith & Davidson, and Mr. Smith tells me he does not remember.

Q. At any rate it is not the practice that as soon as a boat completes its loading it puts out as early as possible. Isn't that the practice? A: It is not the practice for a boat to put out until it gets proper documents.

Q. And the proper documents consist of the Bill of Lading, the weight certificate and the inspection certificate? A: Yes.

MR. COMMISSIONER MACGIBBON: I think our evidence was that a great many boats went out without the documents? The documents went to the bank. A: Well it is the same thing. The Bill of Lading goes through in the ordinary course of events. In the ordinary course of events the captain would have to sign, or his agent, the Bill of Lading, or your documents would not be negotiable. You have to have the weight certificate, and Bill of Lading. You could not do business without them.

MR. ARMOUR: Signed by the master of the ship? A: You could not do business without the Bill of Lading was signed by the master of a ship or the agent.

THE CHAIRMAN: We feel, Mr. Van Allen, there is no necessity for going further into this. Here the ~~THE SHIPPER~~ Grand Trunk loaded part of the hold, and their sample according to the inspection department was all right, and I don't know there is anything to be gained by going any further. You see, you have brought in this recital that precedes your charges the relationship between Davidson & Smith and the Winnipeg Grain Exchange, and you are asking Mr. Smith how it comes that his firm and he refused to comply with the bylaws of the Exchange, that he ought to have submitted to the jurisdiction of the Exchange, and he is still a member, and then the question arises how can you explain that the Grain Exchange still keep him as a member. For instance, the last renewal of Mr. Smith's is date the first of March. He is still a member in good standing.

MR. VAN ALLEN: I have never questioned that at any time.

THE CHAIRMAN: If he is breaking the by-laws they seem willing to have him go on that way because they have an

renewing his membership.

MR. VAN ALLEN: I have never at any time questioned his membership in the Winnipeg Grain Exchange.

THE CHAIRMAN: Davidson & Smith have gone; they are out of business, they disappeared on the 31st of August, 1922, but Mr. Smith tell us though that their transactions are still recognised on the Grain Exchange and are still received into the clearing house. ~~Now their~~ ^{Now their} there is more than than, there is more than Davidson & Smith's attitude as members of the Grain Exchange, to be explained; there is the attitude of the Grain Exchange towards them to be explained. Can you explain that?

MR. VAN ALLEN: No, sir.

THE CHAIRMAN: Do you intend to try to explain it?

MR. VAN ALLEN: No. What I was coming to was another matter, and that was the use of the marine leg. The witness said they might have got this leg into action, I want to know why they didn't.

THE CHAIRMAN: I understood him at the beginning to say this, that he immediately offered to reload this cargo back into the house and ship out another one which would be real No. 3. Then he stopped there. I don't know yet why that was not done. There must have been some reason.

MR. VAN ALLEN: That is what I want to find out.

A. All that was necessary for them to do when they found out that they questioned the quality of that wheat was to refuse to take it, and I would have had to automatically unload that. I had the equipment to do it; and they did not do it. They took it out of my

control. I offered to do that and offered to replace the wheat. I could not offer to do anything more.

THE CHAIRMAN: When you say "they" / IN THE ORDINARY COURSE THE GOVERNMENT Inspector would be the man to say. "Here, you are not shipping out No. 3"?

MR. ARMOUR: Mr. Chairman, you recollect I asked Mr. Serle about that, whether when this complaint was made, that the sample taken by the private sampler did not accord with the Government sample. I asked him then why it could not have been arranged that Davidson & Smith might have unloaded the ship. They had a marine leg there. And he said he did not hear about that until the cargo went away, and he had no power to stop it.

THE CHAIRMAN: Was there not some evidence given at the beginning here about Mr. Symes having been negligent?

MR. VAN ALLEN: That is a different case altogether.

MR. ARMOUR: Yes, Mr. Symes was censured, but Mr. Biernes was dismissed.

MR. WOODS: No, that was the Currie case.

MR. VAN ALLEN: Mr. Symes was censured in this case.

MR. WOODS: Oh, yes, quite right.

MR. ARMOUR: Mr. Symes was censured, and Mr. Biernes was dismissed.

MR. VAN ALLEN: The Press dispatches said that Symes was dismissed for not keeping better watch on the elevator.

MR. ARMOUR: I don't care why he was, but he was; and Biernes was dismissed.

MR. FARRIS: The point that is worrying me, Mr. Chairman, is what these old charges have to do with us. Is it suggested that the Harbour Commissioners had anything to do with them at that time? Just what it has got to do with the elevator operation at Vancouver I don't quite follow.

THE CHAIRMAN: Mr. Armour thinks it has a lot to do; and I think it has this, that we are now on this part of the charge, that a number of people are here today in and about this elevator who formerly were connected in some way or other with Davidson & Smith at Fort Arthur, and that that connection was a wrongful one.

MR. FARRIS: It is suggested that we should, before employing any employee, hold an inquiry on that man to ascertain where he formerly worked and what his record is?

THE CHAIRMAN: There is nothing to be gained by arguing an abstract question of that kind. We are finding out whether or not the facts alleged are justified as alleged by Mr. Van Allen; and then we will see to the argument afterwards.

MR. VAN ALLEN: Now, Mr. Smith, you say you saw somebody about this shipment? A: I didn't see anyone.

Q. Your superintendent, then, saw someone. What is his name? A: George T. Gale.

Q. And whom did he see? A: Frank Endersby.

Q. And when did he see him? A: He saw him the next day, I think.

Q. Was this ship boat loaded at night, or the day before?

A. He seen them twenty minutes after there was a question about that grade.

Q. As a matter of fact Biernes had to object to the quality of the grain coming several times during the loading, did he not? That is his evidence before the

Board of Grain Commissioners. A: I don't know anything about his evidence.

Q. That the grain was running too low. And you say that this was drawn to Endersby's attention when? The next day?

A. Endersby drew it to our attention.

Q. Endersby drew it to your attention next day? A: When he saw the sample.

Q. And all this time where was the boat? A: The boat was around getting the balance of her cargo, I would imagine.

Q. Well, don't you know? A: Well, I don't know certainly, no.

Q. Well, why do you say you might have taken it out with the marine leg, when you don't know where the boat was?

A. Well, I would take it out with the ~~marine~~ marine leg because they should not allow the boat to go if they had that question about the quality of the grain. If I was delivering you anything you did not want, you would object at the time. We are not responsible for it when it gets down to Buffalo or when it goes to the old country, or anything like that.

Q. That is your explanation for not getting the marine leg going? A: After it leaves the spouts it is in the custody of the boat. They are responsible for that, if they would have a dust explosion, or anything else.

MR. VAN ALLEN: That is all I want to ask the witness on this "Pollock" case; but there are several other matters.

MR. WOODS: I would like to ask him a question on the "Pollock" matter and some questions on the first part of the matter Mr. Van Allen took up with him. (To witness): Were the weighmen and Government inspectors taken out of the house after that?

~~Witness~~

MR. SMITH.
26-5-24.

A. I don't think so.

Q. Well, can you remember? A: No, they were not.

Q. It is not a fact that the Government inspectors and the Government inspectors were taken out of the house? They were still in the house when you transferred it? A: They was in the house till we loaded out all our grain.

THE CHAIRMAN: That is, subject, of course, to Biernes's suspension and dismissal.

MR. WOODS: I am speaking of the general-----A: Yes. Here is some people here that ought to know.

Q. I will try and ascertain from them. I have not had time to ask them; but I was under the impression-----A: I can remember they were there as long as I wanted them.

Q. There wasn't any question about taking out the weighmen and the inspectors? A: Not at all.

Q. The other thing I wanted to know, Mr. Smith: when you told Gale to tell them that if they were not satisfied----

THE CHAIRMAN: Biernes was suspended. Were there two Government inspectors in that house or was somebody else put in to take Biernes's place? A: Somebody in there to do his work.

Q. We want to find out whether the Weighing and Inspection Department kept on recognizing them as being in business until the end of the year? A: Yes, they did. Not the end of the year. For the month of August.

Q. That is what I mean. The end of the crop year?

A: Yes.

MR. WOODS: That license would expire at the end of August?

A: 31st of August, yes.

Q. When you offered to take the grain out of the hold, did you think it might not be 5 Northern? A: Well, Mr. Woods, the general practice of an elevator, if you get a certificate

for a cargo of grain or a parcel of grain, this is the principle that is adopted and carried out. If I have a certificate for No. 3 Northern wheat, I don't want you or anyone else, if I own it, to try and have that changed; that is why The Canada Grain Act, section 101, says the owner is the possessor, because you might do me an injury; you might sell it to somebody else, and---

Q. Perhaps we are at cross-purposes. When there was some question arising raised by Washburn Crosby's sampler about this thing, you sent your superintendent up to say, "Well, if you are not satisfied with it, I will take it out of the hold?" A: Yes.

Q. Well, did you think it was pretty close to the line and it might not be No. 3 Northern? A: I always in at any time there is a question of a survey, I always know there is a question of doubt, and therefore I would certainly rather substitute that wheat.

Q. I mean, you see you had your certificates. You had your certificate it was No. 3 Northern; why did you not stand on your two feet? A: We did when we got the certificate. This was before the certificate was issued.

Q. Before the certificate was issued? A: Before the certificate was issued.

Q. Well, how did Endersby's man----- Endersby's man said, "You are not loading 3 Northern wheat?" A: No. Endersby's man, he was not a qualified inspector; he would not know whether you were loading 3 Northern or oats.

Q. But Endersby would? A: Endersby would after he saw his sample.

Q. And it was after Endersby had looked at this sample that this trouble arose? A: Yes.

Q. And then you said that you would be willing to take

the grain out of the hold? A: I would do either one of two things. I might would substitute that wheat with public store wheat, knowing Washburn Crosby was a milling concern and it was very technical.

Q. Had you had some trouble with them before? A: No, but the general----they generally are. You take a miller, he tries to get about as high a grade as possible, and that is the reason they don't care for mixing house grain.

Q. By this time you knew it was Washburn Crosby grain?

A. That is the information I got, yes.

Q. And had you had any difficulty with Washburn Crosby about any other cargo? A. No, not generally speaking, no.

Q. "Not generally speaking"? But particularly speaking?

A. The only thing.

Q. Any other cargo that you ever had questioned? A: Well, no, I never had any great trouble with Washburn Crosby's grain, but I knew that Washburn Crosby, from my knowledge of their requirements I have always had the Lake Shippers load them out public store paper; at least, public store grain instead of regular private.

Q. Well now, just another thing. I perhaps misunderstood you, but I thought I understood you to say that you did not apply for a license from the Winnipeg Grain Exchange under Bylaw 25 for the crop year 1922-23 because you knew you would not get it if you did apply. Was I wrong?

A. You certainly were.

Q. You certainly did not apply for a license, did you?

A. No sir, we did not.

Q. Because you said you were up against difficulties there. You felt that the Grain Exchange was inimical to you? A: Well, I didn't think they were very friendly to me.

Q. Well, you have been attacking them in your paper?

A. Yes.

Q. And you indicated generally -without going into details- that you felt they were unfriendly to you and had it in for you some way or another and you did not apply for a renewal of your elevator license as a regular elevator? A: That is it.

THE CHAIRMAN: He felt who was unfriendly?

MR. WOODS: The Winnipeg Grain Exchange. Well now, did you think that if you had applied for a license as a regular terminal elevator under bylaw 25 for the crop year 1922-23, after this trouble had arisen in respect of the "Pellock", did you think you would have got a license?

A. Well, I would- -what I did think---

Q. After the Council -remember- had met by this time, had they not? A: Yes.

Q. And had decided to adopt---? A: They would have naturally said, "Now here, just arbitrate, you see, according to bylaw 25."

Q. And you would not arbitrate? A: Would not arbitrate.

Q. Well then, if you would not arbitrate you would not likely get a license? A: Well, I didn't ask for a license.

Q. And you did not ask for it -let's get down to the fact- you did not ask for a license----? A: No.

Q. --because you were really at war with the Winnipeg Grain Exchange over this matter? Is not that so?

A. Well, no. I was going out of business, anyway, as far as that goes.

THE CHAIRMAN: You were going out of business anyway?

A. Yes.

MR. WOODS: I think you gave me to understand that you really did not apply for a license -for one reason- because

you knew you would not get it if you did? A: You have got a wrong remembrance.

. Your real reason was -the more important reason, at all events- because you were going out of business there?

A. I have another house there, I am running at the present time.

Q. That is the feed mill? A: On account of the conditions, that I thought I could not get what I thought was a square deal.

Q. You were going out of business at the head of the Lakes because you could not get on with the Winnipeg Grain Exchange? Put it that way. A: No, not necessarily. It was general conditions. The feed plant is---

Q. But it was partly on account of your difficulty with the Winnipeg Grain Exchange? A: Well, this was the only case that I have had.

Q. I know, but it is a pretty big case? A: No, it is nothing. It is a very small case.

Q. I know, but we have heard about it a good deal.

A. I know. It depends how you take things.

Q. At all events you did not apply for a license for your elevator? A: A: No, did not apply for any license.

Q. Instead of that, you sold out your business to somebody else? A: Well, at the present time it is rented.

Q. You rented your elevator? A: Rented it.

MR. ARMOUR: I think Mr. Woods said something about creditors taking it over.

MR. WOODS. No, somebody else must have said that.

A. That is another report that I don't know how you got hold of.

Q. Well, somebody interjected that. What is the fact

about that? A: Well, we rent the building yet. We owe a little money on it; but just like a house, there is a mortgage on it.

Q. We all have those. A: Well, you can appreciate my position.

Q. Was there any meeting of creditors or anything of that kind? A: Not that I am aware of -yet.

BY MR. VAN ALLEN:

Q. Just one thing I wanted to clear up, Mr. Smith. You say your reason for ceasing operations on that part of it was due to general conditions. Now what do you mean by that? Do you mean, as you told Mr. Woods, partly on account of difficulties with the Winnipeg Grain Exchange? Is that right? A: Is that what I told him?

Q. That is what I understood you to say. A: If I told him, it is right.

Q. Was it largely on account of difficulties with the Board of Grain Commissioners and their administration of the Act? Was that largely the reason you quit, or were they largely responsible for the obstacles that you have referred to?

MR. ARMOUR: Well, it seems to me, Mr. Commissioner, that this is getting a little out of order,-beyond the scope of this inquiry.

THE CHAIRMAN: Well, you see Mr. Van Allen says in his recital that they have never since been licensed by the Board of Grain Commissioners and they ceased to operate on this market.

MR. ARMOUR: I know, Mr. Commissioner, but those assertions are made a foundation for attacking the Harbour Board. Now it seems to me it is all outside the question why Davidson & Smith gave up operating in Port Arthur or Fort William

or wherever they were. What it has got to do with this Inquiry I do not see. I do not want to stop the thing, but it seems to me it is spreading all over Creation for no purpose.

THE CHAIRMAN: Perhaps it ought not to have to do, but it has to do, because it is here, given to us to examine into. He may not be going very far. He says they were refused a license by the Board of Grain Commissioners, and Mr. Smith says "No, we did not apply for a license, we decided to go out of business for various reasons." One was he felt the Winnipeg Grain Exchange was unfriendly. Another was that he had this other elevator as well as this waterfront one and he could not get what he wanted for it. Mr. Van Allen merely asks him whether any trouble with the Board of Grain Commissioners acted as a motive.

MR. ARMOUR: Supposing it did, what difference would it make as far as this Inquiry is concerned?

THE CHAIRMAN: Well, if you don't want him to answer it, ---

MR. ARMOUR: Well, I don't care to press the point about it.

THE CHAIRMAN: It would have been ever now, if he had asked him.

MR. ARMOUR: Well, let him ask it.

THE CHAIRMAN: What do you say to that? Is that part of the reason?

MR. VAN ALLEN: You referred to certain obstacles in the way of conducting business at the Lake head, and I want to know if the Board of Grain Commissioners constituted one of these obstacles? A: Yes, they were slightly interested.

MR. WOODS: What was the obstacle? How were they an obstacle, the Board of Grain Commissioners, to your conducting business at the lake head? What do you mean?

A. Their attitude towards me.

Q. What do you mean by that?

MR. ARMOUR: He says they have been treating him as a criminal.

MR. WOODS: Let him say. A: I had several cases up before the Grain Commission. I have one here. Would you like to see it?

Q. I will see it later. Tell me generally. A: Well, generally speaking I had been after them for five years, trying to get some redress on this here thing here.

Q. That is, about screenings? A: Yes, screenings.

Q. And you had not been able to get any? A: I had not been able to get any. I was fighting the terminal elevator interests; but this is a case here that refers to every elevator at the head of the Lakes, and I thought I was up against a combination that I could not beat in so far as I was after their product that they were getting a very great revenue from; and of course I could not beat the game.

Q. Do I understand you to indicate that you were at outs with the Board of Grain Commissioners as well as the Winnipeg Grain Exchange? A: Yes, on account of my attitude, trying to get redress.

Q. You may have been right or you may have been wrong. The point is that you think you were, and you ought to know, at outs with the Board of Grain Commissioners and you were at outs with the Winnipeg Grain Exchange? A: Slightly the Winnipeg Grain Exchange. I haven't got anything against the Winnipeg Grain Exchange.

Q. Well, as to the Board of Grain Commissioners----

A. This here bylaw 25, I say if that or any of the rules and regulations of the Winnipeg Grain Exchange doesnot

held my case, there is Courts_x in this country.

Q. All right; we do not want to go into that. The point is you have serious disagreements with both these bodies? A: Not serious with the Winnipeg Grain Exchange.

Q. And by the way you have referred to your paper. Have you attacked the Board of Grain Commissioners in your paper? A: No. We just tell them what we think.

Q. You attack them, don't you? Don't let us mince matters. You attack them? A: I don't know just what you mean.

Q. I mean you seriously severely criticise them? A: Criticise, yes.

Q. And similarly with the---? A: We talked very nice about your Board, though.

MR. VAN ALLEN: You paid your respects to me once, did you not?

WITNESS: Yes.

ADJOURNMENT.

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TUESDAY, MAY 27th, 1924

MORNING SESSION

MR. WOODS read the following telegram signed by Mr. J. H. Ward, Secretary of the Canadian Council of Agriculture:

"Winnipeg May 26 1924

Canadian Council of Agriculture on February Twenty 1924 discussed grain handling facilities and regulation at Vancouver and referred matter to executive with power to act for council stop executive on March Twenty eight resolved that all elevator facilities used for storage and transfer of grain should be under the control of the Board of Grain Commissioners stop Also that executive was opposed to any division of authority with regard to the inspection of grain or the setting up of different standards for grain exported by different routes. "

I may also say that Mr. Clarke has made application to examine Mr. Reed upon the subject of the charges made by Mr. Clarke in his original telegram to Mr. Farris, which Mr. Farris handed to me. The telegram of Mr. Clarke, which is in, states: " In my opinion and also that of all real advocates of Western grain route it is very important that several real grain growers from Alberta should be summoned as witnesses at Vancouver before the Commission on May 15th. From propaganda published here quite definite that charges made by VAN ALLEN are instigated on behalf of these financially interested in perpetuation of grain route via Port Arthur stop real enemies of western grain route represented by Winnipeg Grain Exchange appear to have been able to inspire Alberta charges from Van Allen stop so far as Alberta is concerned Grain Commission was unheard of and exercised no influence whatsoever on behalf of grain growers or grain shippers in Alberta until grain shipments via Vancouver assumed

present proportions stop if suggestion of grain growing Alberta witnesses meets approval of those favoring Vancouver route was we can submit names at once (understood several farmers opposed to Vancouver route have been subpoenaed by Van Allen) other prospective witnesses refused to accept this kind of invitation."

Now the statement here is that these statements of Mr. Van Allen were inspired as is stated. I think my friend Mr. Clarke also makes the general statement that the whole of these charges were not properly before the Alberta Legislature or Alberta Government or the proper authorities in Alberta. In other words, he is to some extent attacking the instructions the ~~inspections~~ of my friend Mr. Van Allen, and as I understand what he wants to do is to take up a few minutes in asking Mr. Reid, who is a member of the Government of Alberta, and who happens to be here, questions that are designed to elucidate what he there states. I have asked Mr. Reid and Mr. Reid is quite prepared to be sworn and give evidence; and in so much as Mr. Clarke has asked for him to be called I have no option but to submit here to the Commission, if you think it is proper to import it for that purpose.

THE CHAIRMAN: Well, Mr. Van Allen is here and says he is instructed by the Alberta Government. There has been no countermand of that, as far as I knew. Is there any doubt about his status?

MR. WOODS: It is not so much Mr. Van Allen's status as it is a question whether somebody, not the Alberta Government or not the whole cabinet, or not the whole legislature, took upon itself or himself to instruct Mr. Van Allen.

THE CHAIRMAN: Well, Mr. Reid cannot be asked to tell us what transpired in the Government of Alberta.

MR. WOODS: No doubt about that. He cannot be asked about that.

It is not in the public interest that Government ministers should be asked things of that kind; but in addition to that my friend Mr. Clarke says this matter is inspired ---

THE CHAIRMAN: You can put Mr. Reid in, and we will allow any legitimate question. THAT IS all we can do.

HONO RICHARD G. REID, called, sworn and examined.

BY MR. JOSEPH CLARKE:

What is your name? A. Richard Reid.

THE CHAIRMAN: Provincial Treasurer of Alberta? A. Yes, sir.

MR. CLARKE: Mr. Reid, what is your business? A. My business is a farmer.

Q. And you are a member of the Legislature of Alberta?

A. Yes, sir.

Q. And for what constituency? A. For the constituency of Vermilion.

Q. That is in the northern part of the Province? A. Well --

Q. More contiguous to Edmonton than to Calgary? A. Yes, sir.

Q. You are also a member of the Alberta Government? Of the cabinet? A. Yes.

Q. In the capacity of Provincial Treasurer, I believe.

Are you a member of the Alberta Wheat ^{Pool} Board? A. Yes.

Q. And are you aware, or did it come to your knowledge, that the Alberta Wheat Pool was now affiliated with or a member of the Winnipeg Grain Exchange? A. I understand that is the case.

Q. Just from general knowledge, nothing special to you?

A. Yes.

Q. How can you tell us when the Legislature of Alberta started its last session? A. I am afraid I could not give you that date.

Q. In January, was it some time? A. Yes, late in January.

Q. And the House did not prorogue until April? A. That is so.

Q. Now in connection with the charges or statements made by Mr. Van Allen that are dated March 18th, 1924, when did you first hear in your capacity as a member of the Legislature or as a member of the Wheat Pool that these charges were made or to be made? A. Some time previous to the date that you mention. My memory, of dates, of course, is not very good.

Q. Now as a member of the legislature, or as a member of the Wheat Pool, did you personally have anything to do with the preparation of the charges? A. No.

Q. Well, when did you first hear that there were eleven charges (I believe that is the number with some sub-divisions)? There were eleven specifically numbered charges. A. The whole matter was spread before us at the one time.

Q. Before whom? A. Before the Government.

Q. Well, we are not going into what was brought before the Government, because that is not public policy. But you did hear of the fact that there were eleven charges specifically numbered, and some of them sub-divided, prior to their being put before this Commission? A. The only information I had of it was as a member of the Government.

THE CHAIRMAN: We don't want that. We cannot get it from you. What is this you want to find out, Mr. Clarke?

MR. CLARKE: Did you know, outside your information as a member of the Government, who prepared these eleven definite charges? A. No.

Q. Can you tell me where we would look to for that information? A. I would say, to the Counsel for the Alberta Government.

MR. CLARKE: Well, Mr. Commissioner, that is the point I am getting at. If I am having a lawsuit and I employ a solicitor, I do not hide behind what he does, he hides behind what he does

through me. Now I understand, Mr. Reid, that the only information that we can get, either as citizens of Canada before this Commission, or as taxpayers of Alberta, is from Mr. Van Allen.

THE CHAIRMAN: That is so far as Mr. Reid knows. He says the only knowledge he has is as a member of the Government, and that he refers you for further information to counsel for the Government. What else can he do? Probably if the Legislature was sitting, and they could be asked to produce whatever correspondence they have, and so on, you could do that, but Mr. Reid is out here alone, and I don't see what else he can give you.

MR. CLARKE: It is quite definite, Mr. Reid, that so far as these specific eleven charges are concerned you have no personal knowledge, outside of your position as a member of the Government, or any of these charges? A. No, that is correct.

THE CHAIRMAN: Mr. Reid, Mr. Van Allen represents your Government here, does he? A. He does.

Q. No question about that? A. No question about that.

MR. CLARKE: That question should not be put with the idea that I have ever suggested anything of the kind.

MR. WOODS: Mr. Chairman -- cleaning up things -- there was a matter brought up a few days ago, I think it was the day before yesterday or maybe yesterday, by my friend Mr. Farris as to the grading of Number 4 wheat, and I would suggest that Mr. Young, the technical attached to the Commission, make a statement on the subject so as to clear the situation up. There seems to be a misconception on that subject, as though there was some difference between the facilities for the grading of Number 4 wheat through this port and through the head of the Lakes, and there has been evidence given before

the Commission on the subject before; and while I would rather the matter had been brought up when Mr. Seris was here, as I said, because he already gave evidence at the head of the Lakes on the subject, he is not here, unfortunately, and I would like Mr. Young to make a general statement on the subject, so as to explain just what the situation is with regard to the grading of Number 4 wheat, whether it is through this port or Winnipeg or anywhere else.

MR. YOUNG: Mr. Chairman, the standards are fixed after harvest as soon as samples, standard samples, can be obtained from all the Western Provinces, Alberta, Saskatchewan and Manitoba; and the standards that are furnished at Port William, Winnipeg, Vancouver and all other points of inspection are the same, as a guide in their grading of Number 4 wheat. There is no question that a standard for Number 4 does not correspond with every parcel that is offered for inspection. That is it may be damaged, by containing green grains, or from other cause, from frost, or from weather, bleaching, and some sprouting; and therefore the standard sample is a guide as to the value of the Number 4 that is offered for inspection. If it is not equal to a Number 3, of course the next grade that it can get is Number 4; and if it is good enough for Number 4, it is graded in that way. But what I wish particularly to point out is that the situation in Winnipeg, for instance the inspection, is the same as it is in Vancouver. No doubt there have been a great many more cars of Number 4 inspected in Winnipeg than there have been in Vancouver.

MR. WOODS: Alberta cars? A. Alberta cars, a great many there, and the difficulty is the same as far as the standard samples are concerned, and it is met in the same way. I think Mr. Crawford in giving his evidence stated that he selected

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samples from cars arriving of Number 4, which is no doubt the right thing, that a sample, an average sample from the wheat received when it is shipped out should be equal to that standard sample or average sample of what comes in, and there can be no harm to anybody in using that standard. I do not think there is very much more I can add to it.

THE CHAIRMAN: What he said was this, that the sample furnished him by the Chief Inspector and fixed by the Standards Board was of no use to him because it does not correspond with the Number 4 here, and he says the same difficulty, of course, must confront the inspectors at Calgary and Edmonton, and he says he is using his own judgment as to what he thinks is good enough for Number 4. He presumes they are doing the same. At Winnipeg it must be the same.

MR. YOUNG: At Winnipeg, or Fort William or Saskatoon or Moose Jaw or any points where they are inspected. I understand any difficulty that exists is not peculiar to Vancouver.

MR. FARRIS: There is no Winnipeg Number 4 coming through here at all.

MR. YOUNG. No, but there is Alberta Number 4 going through Winnipeg.

THE CHAIRMAN: The point is the inspector at Winnipeg has the same difficulty with Alberta wheat.

MR. FARRIS: In other words the Standards Board is absolutely of no use.

MR. YOUNG: Oh yes, the Standards Board is of use. They fix the average of Number 4.

MR. FARRIS: But that standard 4 is not a standard for 4 going through Vancouver.

MR. YOUNG: Well, you might say that in some cases.

MR. FARRIS: I know, but is there any of this shrivelled wheat whose standard is fixed in Winnipeg? Is there any of

that coming through Vancouver?

MR. YOUNG: It is not fixed on shrivelled wheat, Mr. Farris. Samples are obtained in Alberta, Saskatchewan, and Manitoba.

MR. FARRIS: I know, but Mr. Crawford told us yesterday that the standard No. 4 as fixed by the Standards Board is largely shrivelled wheat,

MR. YOUNG: Oh, I think the standards of No. 4 are a pretty heavy wheat.

MR. FARRIS: Would you say that the standard of No. 4 that is being fixed by Mr. Crawford compares with the standard of No. 4 fixed by the Standards Board? A. I would say it corresponds as to value. There may be some characteristics a little different.

MR. FARRIS: In other words the inspector is using his own judgment. A. Certainly.

Q. As to the fixing of the grade of the No. 4 going through Vancouver? A. Certainly. He has his standard for a guide all the time.

Q. Yes, but that standard is not a guide, you told us.

A. As to value it is.

Q. I know, but how does he fix the value from the grade of an entirely different class of wheat. A. He has to use his judgment. The appearance of the wheat.

Q. But it has not the same appearance, has it? A. It might differ. There is some would be the same and some would be different.

Q. They do differ. A. I saw some difficult cases in Winnipeg. All cars that are graded No. 4 do not exactly correspond with the standard sample.

Q. In other words, because it is wrong in Winnipeg therefore it should not be wrong here.

THE CHAIRMAN: No, that is not why Mr. Young is asked to tell us. We simply wanted to find out whether the same

difficulty existed wherever there is an inspection going on of Alberta wheat. He says yes. That is to say that Vancouver has nothing to do with it. This particular Alberta wheat, whether inspection for eastward shipment at Edmonton or Calgary, or inspected at Winnipeg after arriving from the West, is subject to the same difficulty as when it arrives here. I mean that there is no singling out of Vancouver. The point is this: We decided yesterday to acquaint Mr. Serls, the Chief Inspector, with the difficulty Mr. Crawford is laboring under. He may have some means of remedying it, but if it had been brought up while Mr. Serls was here we could, of course, have gone into the thing more thoroughly. All we know now is this, that the standard sample is no guide to the inspector here. That is his own evidence. He has to use his own judgment. Something is not good enough for No. 3 and not poor enough for No. 5; he makes it No. 4, using his own basis of judgment. We can acquaint the Chief Inspector with that; that is all we can do. Thank you.

MR. YOUNG: In speaking yesterday of samples presented through the Survey Board for survey, I think there was a little misapprehension. I said in cases where it came from a private terminal there was a little different standard of inspection, and what I meant to convey was that when it was from a private terminal we were informed of it, but we were not informed from which private terminal it came, simply that it was a private terminal sample.

THE CHAIRMAN: Well, of course you added that in cases under discussion, - the case of the Steamship "Pelleck", you had a pretty good idea of whose grain it was. What did you mean by that? A. I meant it was common gossip on Exchange, and I could not help but hear before the case came up, before the sample was presented for survey. We knew it was a private terminal sample, but we did not know positively

it was this sample, but as I said I had a pretty good idea that it was.

MR. J. R. SMITH resumed his evidence.

EXAMINATION BY MR. VAN ALLEN:

Q. Mr. Smith I understood you to say yesterday, that your Company, the Pacific Construction Company, had contracts with the Harbour Board? A. Yes.

Q. That is correct? A. Yes.

Q. And I also understood you to say you had no personal dealings with any member of the Harbour Board, I mean no personal transaction? A. No, no personal transaction.

Q. I see. A. Other than I sold a couple of cars of wheat; I handled a couple of cars of wheat Mr. George had to sell to Mr. Beattie.

MR. WOODS. Q. What is that? A. There was a member of Parliament, and Mr. Beattie had two cars of grain, and Mr. Beattie handed me the certificate.

MR. VAN ALLEN : Q. Of the Canada Grain Export Company? A. Yes.

Q. Were they the only cars you sold to that Company? A. Yes.

Q. Did you sell any other grain to them? A. Yes.

Q. What grain was that? A. About 600 odd bushels of grain.

Q. To the Canada Grain Export Company? A. Yes.

Q. Where did that grain come from? A. That was sweepings and stuff from the dock that Charles Julian, the chief of Police had gathered.

Q. How would you acquire it from the Chief of Police?

A. The Chief of Police was just the same as Mr. Beattie, and he stopped me and asked me about the best plan to sell it, and I said, "I will handle it for you".

Q. And you sold it? A. For Mr. Julian.

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THE CHAIRMAN: Q. What was this 600 bushels? A. 600 bushels of wheat.

Q. Of sweepings from where? A. Around the shed,

Q. The elevator shed? A. Yes, Mr. Julian I think will explain it.

MR. VAN ALLEN: Q. That is the shed where the grain is sacked? A. Yes.

Q. Sweepings from the sacking shed? A. Yes, and some cars they tried to test out.

Q. Leave the two cars go for the time being? A. I am talking about boxcars, sweepings in boxcars. You don't understand. I have to explain it to you.

Q. Yes Yes. You say this 600 bushels were sweepings from boxcars in the sheds where the grain is sacked? A. I said it was partly from sweepings in the cars and partly from the sweepings on the dock and in the shed, as I understand it. I did not see the sweeping done myself. That is what I am told.

Q. To whom did these sweepings belong, the Harbour Board.

A. They belonged to - he had the privilege of finding out.

I understand there was a lot of pilfering at the time.

THE COURT: You understand what? A. There was a lot of pilfering of grain and they were going away with bags, and the chief of police was very much excited. They had that up here at a meeting of the Grain Exchange, at least the Grain Board, and I understand from him that he went into this here question very thoroughly, and when he would catch a man with a bag of grain they would say it was sweepings off the dock, or something like that. Of course, he didn't know whether it was or not, and they devised ---

Q. I understand this is what the chief of police told me that he ---

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MR. FARRIS: Why not let Mr. Julian tell that?

MR. VAN ALLEN: We want to find out what Mr. Smith knows about it. A. He said he had an arrangement whereby he could find out how much grain was being pilfered or lost, and he was collecting it, that is all I know about it.

Q. Julian was collecting it? A. Julian was collecting it.

Q. Was that transaction handled by warehouse receipts? A. Yes.

Q. A warehouse receipt for these sweepings was issued by the elevator? A. By the elevator.

Q. And registered? A. Yes.

Q. How did it pass through your hands? A. It was just handed to me.

Q. Mr. Julian handed you the warehouse receipt? A. The same as the car.

Q. And you sold the grain represented by the warehouse receipt to the Canada Grain Export Company? A. Yes.

Q. What is how you came into it? A. I did not come into it, I handed it over. I did not charge any commission.

THE CHAIRMAN: You got no commission? A. No, I just handed it over exactly the same, and as a matter of fact Mr. Head had to go to Mr. Beattie and get the bill of lading endorsed. 500 bushels was not enough money.

MR. WOODS: The warehouse receipt was issued to the chief of police or to you? A. No, not to me. The name was not on the warehouse receipt.

MR. VAN ALLEN. Q. I am still speaking of this car of sweepings or this warehouse receipt? A. It was not a car.

Q. This warehouse receipt represented the sweepings? A. Yes.

Q. How would Mr. Beattie come into it at all?

THE COMMISSIONER: He did not say.

MR. VAN ALLEN: I understood him to say Mr. Beattie endorsed it. A. The system, I understand, he gave it to Mr. Julian.

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Mr. Julian is here, I am not a mind reader. I did not discuss it thoroughly. He asked me about the wheat, and I told him the best thing was not to take it out in bags because they would say he was stealing it, and if he put it through in a regular form it would be alright.

Q. You handled it for Mr. Julian? A. I handled the warehouse receipt.

Q. About the other two cars you sold to this firm? A. Well, there was a member of Parliament; I don't know his name, he was one of the Progressives who came here in this bunch that was invited by the Harbour Board, and he did not know anybody here, so he said he would send this car to Mr. Beattie and ask him to handle it, and Mr. Beattie asked me if I knew of any good grain men here, and, of course, I picked out Mr. Head.

Q. You sold it to Mr. Head? A. I knew him for 16 years.

THE CHAIRMAN: Q. Who did the car belong to? A. I think one of the members of Parliament.

MR. FARRIS: One of the Progressive Members from Alberta.

THE CHAIRMAN: Some of them were here recently on a trip.

MR. FARRIS: Mr. Beattie will be able to tell about it.

MR. VAN ALLEN: Q. The car came consigned to Mr. Beattie?

A. I would not say, all I had was the warehouse receipt.

Q. In whose name was the warehouse receipt? A. There is no name generally carried on a warehouse receipt.

Q. To whose order was the warehouse receipt made?

A. The warehouse receipt would be endorsed.

Q. To whose order was it issued? A. I don't know. You can ask for those papers.

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THE CHAIRMAN: He is justified in asking Mr. Smith. A. I don't remember all the endorsements and things. I would be thoroughly endorsed, and went through the Bank.

MR. VAN ALLEN: Q. Was anyone else concerned in these transactions, in any of these transactions? A. Which?

Q., These three I am speaking of? A. There were only two as far as I am concerned; the two cars along with Mr. Beattie. I gave him the money. I don't know what was done with it, I gave him a cheque, and Julian gave him ---

MR. FARRIS: There was others, Mr. Van Allen, you can find out from Mr. Beattie.

MR. VAN ALLEN: There were?

MR. FARRIS: Several others, sharing in the money.

A. I didn't get any.

MR. VAN ALLEN: Q. I understood you to say yesterday, that your company, your firm of Davidson and Smith, did not apply to the Board of Grain Commissioners, did not apply for a license for the grain year of 1922-23? A. That is correct.

THE CHAIRMAN: Private elevator? A. Yes.

MR. VAN ALLEN: Q. No one made application on behalf of the firm? My information is wrong? A. That is your information, I get that from Mr. Rathbone. Rathbone, I can explain that if it is necessary, that is a long story and it will take up a long time. I told Mr. Rathbone --

Q. Mr. Rathbone reminded you of the fact that an application was made and a fee of \$25.00 paid? A. Yes, I can explain that very nicely. I want to see the application and in whose writing it is in.

Q. Tell me if you knew anything about it? A. Certainly not, certainly not. I would not remember a little thing like that. I had big things to do, and a \$25.00 application

for a terminal license ---

Q. Now Mr. Smith, you told me at the opening of your examination yesterday, that at one time the firm of Davidson & Smith had a large number of subsidiary Companies?

A. Yes.

THE CHAIRMAN: Just a moment, are you going further into the application?

MR. VAN ALLEN: No, sir, I am not going to touch it again except to call Mr. Rathbone. Mr. Rathbone says the application was made.

THE CHAIRMAN: Because Mr. Smith said he could explain it.

MR. WOODS: There either was or was not an application. If there was, and Mr. Smith has some explanation, he ought to give it.

THE CHAIRMAN: You see you told us yesterday you did not apply. This morning, you say see, Mr. Rathbone reminds you somebody applied on behalf of the Company. A. I don't think they did.

Q. Well, tell us. A. It might be that some of my men would put in an application because they did not know I was negotiating for leasing the building. There was not one of my men ---- It was something that I was carrying on and carried on for two months, and of course in the ordinary course of events they might think I was going along on that. I don't naturally discuss things of that description with all my employees. A clerk, any of the people, could put that in you see. I want to see if I have my name on that; if I authorized it or anything else. I would know.

MR. VAN ALLEN: At any rate what you say, Mr. Smith, is this: that you knew nothing about it. A. Certainly not.

THE CHAIRMAN: Who made the application, do you know?

A. I don't think there was any application made.

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Q. The bond was issued but never completed? A. Yes.

THE CHAIRMAN: What do you mean the bond was issued? A. We issue the bond after we receive the application. A form of a bond.

MR. WOODS: For signature by the bonding company? For completion by the applicant? A. In conjunction with the surety company. On receipt of that bond properly completed the Board then decides whether ---

Q. But you never got that bond back? A. No.

Q. And there the application stands? A. Yes.

MR. ARMOUR: You are speaking entirely from memory with regard to this application. A. Oh, I am.

Q. You don't know who signed the application? A. I cannot swear to it.

Q. Are you aware that Davidson & Smith's elevator was leased to other parties? A. Not at that time.

Q. But did the lessee make application to the Board? A. Yes.

Q. And they filed a bond? A. They filed a bond.

Q. And their application was granted? A. Yes.

MR. ARMOUR: That accounts, it seems to me, for the fact that Davidson & Smith did not go on with their application. A. That was natural, yes.

MR. VAN ALLEN: The application for the license was made later on in the fall, about the month of November? A. No, I think it was earlier than that.

MR. VAN ALLEN: All right, thanks.

THE CHAIRMAN: Well, the point is this. Mr. Rathbone says that application was made and the fee paid, \$25.00, and that a bond was issued, but that was the end of it, the bond was never returned. You, Mr. Van Allen, in your statement say that according to your information, Davidson & Smith were unable to find a bonding company to bond them. What does

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MR. RATHBONE

Q. I thought you said application was made and \$25.00 fee paid? A. That is what Mr. Rathbone ---- not to my knowledge.

(Mr. Rathbone was asked to step forward, and was sworn).

MR. WOODS: Was there an application made for the renewal of the Davidson - Smith elevator? A. Yes, I think there was.

Q. Do you know? A. Well, I am almost positive.

THE WITNESS: He is like me, you see.

MR. WOODS: Wait a minute. I am questioning him. If you wait, you have a counsel here who can question him. You are a witness. (To Mr. Rathbone) You are almost positive that there was an application made for the renewal of the Davidson & Smith elevator, terminal elevator, to the Board of Grain Commissioners? A. Yes.

Q. For 1922-23? A. Yes.

Q. You are the Secretary of the Board of Grain Commissioners? A. I was acting Secretary at that time.

Q. And that would be in writing. Would you have any memory of who signed it for Davidson & Smith? A. I would not swear to that.

THE CHAIRMAN: What became of it? A. I wasn't here when Mr. Smith was giving evidence, but I reminded him. I thought he was under a misapprehension. I distinctly recollect the question was asked on the floor of the House of Commons this session, and I had to go through the records, and I am almost positive that the application was filed and the fee paid for the license for 1922-23.

MR. WOODS: What happened to the application?

MR. RATHBONE: It is still on the files.

Q. Was it passed upon? A. No, the bond was issued but never completed.

Mr. Smith say about that? Ask him over again in view of this new evidence. ,

MR. SMITH: I could have get a bond. I can today for a terminal elevator license.

(EXAMINATION of witness Smith resumed)

Q. Did you apply to any bonding company at that time for a Bond? A. No, we were negotiating at that time to rent our building, for some months before. I have all that stuff, I could file that.

A. You have it here? A. Not, but I have the statement.

MR. WOODS: You did intend to go on at the head of the Lakes, and you did not finish up? A. No, and I would have been there yet if I wanted to, will be again.

MR. ALMOUR: He made up his mind to quit, and that is the explanation of the whole thing.

THE CHAIRMAN: The facts are about this way. You allege, Mr. Van Allen, that he was unable to secure a bond. Now he says that is not true. Is there anything else you intend to show here besides his own evidence?

MR. VAN ALLEN: No sir, except what Mr. Rathbone ---

THE CHAIRMAN: It will have to be assumed, then, that it is not true.

MR. VAN ALLEN: Except what Mr. Rathbone has said.

THE CHAIRMAN: I know the application was made and then not gone on with. He leased the elevator to somebody else. That does not of itself imply that they applied for a bond and were refused. We cannot assume that.

MR. WOODS: Did you say they could not get a bond? Where is that? "Owing to their inability to become bonded."

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Well to that extent his explanation clears that up.

THE CHAIRMAN: That is the only evidence, and he says it is not a fact.

MR. WOODS: He says they could have been bonded if they had intended to go on, and they did not intend to go on for the reasons he gave us yesterday.

THE CHAIRMAN: What I want to know is: that evidence has been disclosed, is there any more evidence about that?

MR. VAN ALLEN: Not that I know of, sir.

Q. Now, Mr. Smith, coming back to where I was a few minutes ago, you told us yesterday at one time the parent firm of Davidson & Smith had a number of subsidiary companies? A. Yes.

Q. And my information is that one of these companies was the Port William Grain Company? A. Yes.

Q. The B.J. Ostrander Company? A. Yes.

Q. Another is the Terminal Grain Company Limited? A. Yes.

Q. Was one of them the Henderson --? A. Henderson Transfer and Lighterage Company.

Q. Henderson Transfer & Lighterage Company owned and operated a steamboat named "Frier", A. The "Robert L. Frier".

Q. My information is that in the fall of 1917 the Port William Grain Company lodged a complaint against the Board of Grain Commissioners, or at least against the action taken by the Inspection Department in connection with a certain shipment on the "Robert L. Frier"? A. That is correct.

Q. As I understand the facts there were lots of grains loading into the "Frier"? A. I think there were more than that.

Q. There were two lots loaded back? A. 16 or 17, 15 or 16.

Q. 15 or 16 lots graded out on certificates of Government Inspectors? A. Yes.

Q. And then these various lots of grain after being put on the "Frier" were mixed up in the harbour into two lots?

A. Yes.

Q. That is correct? A. Yes.

THE CHAIRMAN: Well, by whom? A. By the "Robert L. Frier" the boat.

MR. VAN ALLEN: By the Henderson Towing & Lighterage Company?

MR. COMMISSIONER MacGIBBON: They lodged the complaining with the Grain Commissioners against whom?

MR. VAN ALLEN: Against the Inspection Department.

THE CHAIRMAN: Did he say the Fort William Grain Company?

MR. VAN ALLEN: Yes.

Q. One of Davidsson & Smith's companies? A. Yes, when I say the Fort William Grain Company, we owned about 25% of the stock. About 75% of the stock was in other hands. I don't believe I was even a director. I was not even actively engaged in the Fort William Grain Company.

. You appeared at the hearing of the Board? A. Who was along. I remember the case quite well.

THE CHAIRMAN: The Fort William Grain Company complained to the Board of Grain Commissioners that their grain had been mixed.

MR. VAN ALLEN: No, I can give the story in a moment.

MR. FARRIS: We have a lot of important people, the super-superintendent, and the Harbour Board tied up in this matter, and it seems to me if there is to be an enquiry into Mr.

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Smith's personal matters we might proceed with the important part, and let Mr. Van Allen get such information as he wants after the main part is through, and let us get the rest through.

THE CHAIRMAN: This has to do with the main part in view of the way the whole thing is transferred into Mr. Van Allen's charges. If Mr. Armour has any objection I might listen to him.

MR. FARRIS: We are not concerned with Davidson & Smith's pool. We are holding up important matters.

THE CHAIRMAN: Well, bide your time. Sir Charles is suffering here. He is not concerned in this and he is waiting till his turn comes. This is Mr. Armour's case, and Mr. Van Allen will have to go on.

MR. VAN ALLEN: This is the story in brief: Mr. Smith will correct me if I am wrong. The Fort William Grain Company had transferred grain to Davidson & Smith's elevator, 8 or 12 small lots of that grain went into the "Robert L. Frier" which was a floating elevator.

THE CHAIRMAN: Belonging to another Company?

MR. VAN ALLEN: Belonging to themselves, but it was in Davidson's & Smith's house, and the certificate was issued by the inspection department for each one of these separate lots, I think eleven or twelve.

THE CHAIRMAN: Did I understand you to say that the steamship "Frier" belonged to the Fort William Grain Company?

MR. VAN ALLEN: To another subsidiary known as the "Henderson Transfer & Lighterage Company".

THE CHAIRMAN: You knew of that Company:

A. Half interest.

MR. VAN ALLEN : After the grain was inspected by the Inspection Department into the boat, the boat went into the Harbour and mixed the grain into two lots. They had 12 lots to start with, and came back with 2 lots, came back to the elevator.

THE CHAIRMAN: It was not shipped to any destination?

MR. VAN ALLEN: It was put on the boat for the purpose of mixing.

THE CHAIRMAN: Out of the private elevator?

MR. VAN ALLEN : No, public elevator.

THE CHAIRMAN: During the time the elevator was a public elevator?

MR. VAN ALLEN: Yes. The boat eventually came back and application was made by the Port, William Grain Company, the owners of the grain, that the Inspection Department should grade the grain into the house again, and the Inspection Department refused to do it, in that they had claimed they had complied with the "Canada Grain Act" in the shipment out, and they were not compelled to grade it in again. It was inspected in under section 90, and inspected out again.

THE CHAIRMAN: Loaded out on to the "Robert L. Frier", and then they wanted to inspect it back again?

MR. VAN ALLEN: Yes, and the Inspection Department refused to be a party to that, and Mr. Elliott, the Inspector to whom this request was made, said that he would not inspect it in, but that he would have to take the matter up with the Board of Grain Commissioners, the inspection Department, and while doing that the Port William Grain Company, notwithstanding the grain was not inspected, did unload the grain into the house into bins which were not leased bins, according to the evidence.

THE CHAIRMAN: Not leased bins?

MR. VAN ALLEN: Not specially leased bins. Not leased bins, in the sample market rules.

THE CHAIRMAN: How did they bin them?

MR. VAN ALLEN : They just put them in two bins.

THE CHAIRMAN: According to their view of what they thought the grain ought to be.

MR. VAN ALLEN: Yes, apparently. I don't think they mixed it with other grain after they put it back.

THE WITNESS: Your story is all wrong. We will be all day discussing this.

THE CHAIRMAN: They came back with two loads which they wanted the Inspectors to unload?

THE WITNESS: You tell a poor story.

MR. VAN ALLEN: We will see about that. We will let you tell your story before we are finished. You see, Mr. Chairman ---

THE CHAIRMAN: Go on with your story.

MR. VAN ALLEN : This matter was heard by the Board of Grain Commissioners.

THE CHAIRMAN: Mr. Ellslett refused to inspect it, and they put the wheat back into their public elevator into bins?

MR. VAN ALLEN: Without being inspected.

THE CHAIRMAN : What happened then?

MR. VAN ALLEN : The Port William Grain Company made complaint against the Inspection Department for grading in and there was a public hearing of this complaint.

THE CHAIRMAN: I suppose the hearing turned on the right of the Port William Grain Company to have the grain inspected.

MR. VAN ALLEN : Yes.

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THE CHAIRMAN : When did that occur?

MR. VAN ALLEN: The 17th of November 1917 the hearing occurred and the complaint was made the 9th of November.

THE CHAIRMAN: What date did you say?

MR. VAN ALLEN : The 17th of November 1917. The hearing was on the 17th of November 1917, and was based on the complaint of the Fort William Grain Company dated the 9th of November 1917. I have here a copy of the judgment of the Board of Grain Commissioners. They wrote the judgment on the case, and dismissed the complaint, and in the judgment, the Chairman who wrote the judgment says: "The evidence shows that Mr. J. R. Smith instructed the superintendent of the elevator to go ahead and take the grain back in the said elevator, notwithstanding the fact that inspection had been refused for the reasons set forth by the inspector, and by obeying the said orders the operator violated the provisions of the Canada Grain Act and rendered the proprietors of the said elevator liable to revocation of their license.

" The Canada Grain Act and the rules and regulations made no provisions for the taking into an elevator of grain where there is not an authorized receptacle to contain it, except it be under the regulations governing sample market trading. In this case, the operator of the elevator violated subsection 4 of Section 24 of the Canada Grain Act, by special binning a part of the grain in question."

THE CHAIRMAN: I thought that you said it was in special bins?

MR. VAN ALLEN : I said in special bins but not leased.

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THE CHAIRMAN: They should have leased the bins, the Port William Grain Company. What is meant by a leased bin? Apparently they did take this grain in and put it in special bins, is that a lease in itself?

MR. WOODS: No grain shall be specially binned for any person, firm or corporation in any terminal elevator except in cases where it has gone out of condition in cases where found to be ~~seen~~ out of condition, as provided by sections 140 and 144. That is where it is heated, and is ~~except~~ ^{except} as provided by section 229, of the Act.

THE CHAIRMAN: That is during certain months of the year?

MR. WOODS: Then the shipper of 16,000 bushels can lease a special bin in public terminal elevators, and it was the non-compliance with that that subjected this elevator to cancellation.

MR. VAN ALLEN. The judgment goes on "Special-bin-receipt" "There is nothing to show in the evidence that the Port William Grain Company ever intended to comply with the regulations governing sample market trading, but, in the opinion of the board, proceeded to act in a way which is not provided for under the Canada Grain Act.

"It is admitted in the evidence that it was the intention of the Port William Grain Company to mix, and it did mix the grain which in the said S.S. "Frier", but in so mixing the said grain it has failed to comply with the rules and regulations governing transactions of this kind. Davidson & Smith's elevator is a public terminal elevator and as such could only take in grain in special bins under lease as provided for by the rules and regulations governing sample market trading."

"Special bin receipts should have been issued and registered AS TO QUANTITIES ONLY.

"This grain was mixed in the "Fifer", over which the Board has no control, but if there are any provisions in the Canada Grain Act, and the rules and regulations thereto which would permit this grain to be taken back into the elevator, they could only be those governing sample market trading, though the Board is very doubtful as to whether this grain could, even under these rules and regulations and the particular circumstances, be again placed in Davidson & Smith's elevator.

"For the above reasons, the Board finds that the complainants have not established the conclusions in their complaint; maintains the action of the inspectors; declares the action of the operator, in taking the grain back into the elevator, a violation of the provisions of the Canada Grain Act, leaving the owner of the same liable to cancellation of his license; and declares the Canada Grain Act makes no provision for the operations carried on by the complainant, as set forth in the complaint.

"The complaint is therefore not maintained."

MR WOODS: I think you ought to ask Mr. Smith to give his statement on that. He says that is not correct.

MR. VAN ALLEN: Mr. Smith says that statement is not right. If my friend Mr. Armour wishes to examine him on that, that is all I have to say on the "Fifer" case.

MR. ARMOUR: Now, Mr. Smith, give us your version of this transaction. A. This lot of grain in question was several different parcels, small parcels that the Fort William Grain Company was desirous of getting in one or two big lots, so that it would be sold as small lots of grain; less than

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carloads are not salable, and they instructed the Davidson & Smith elevator, which is a terminal elevator, to load out this grain into the steamer "Frier", and we did that. It was mixed in the "Frier" and was brought back in our house.

THE CHAIRMAN: Mixed by the Port William Grain Company?

A. By the steamer "Frier" in the steamer "Frier." As far as the elevator was concerned it was out of jurisdiction of the Elevator, and they could do what they liked with it. As far as the Canada Grain Act was concerned we were complying.

Q. Just who mixed it, the Port William Grain Company?

A. Yes.

Q. On board the steamship "Frier"? A. On board the steamship "Frier", and they started to take that back in our house. They didn't make any bones about the grain being mixed, and the Inspector asked the foreman not to take it in, so we stepped for a little while. I was not at the elevator at the time and he phoned me and he said he had stopped taking the grain off the "Frier". I said "What is the reason?" He said that the Inspection Department said he had to stop. I said "Who pays you your salary?" He said, "You are." I said, "Take your orders off me, keep on unloading." We unloaded the grain and got a certificate. This was a little stage play, this investigation.

Q. You unloaded the grain and got a certificate? A. Yes, certainly, and they sampled the grain.

Q. From the Inspector? A., Yes, inspection certificate.

Q. Off the boat? A. Yes.

Q. I thought you did not? A. But the question says, a

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part of the cargo -- when they told me to stop, when I had instructions, at least when the foreman called over to me, I called him that it doesn't make any difference what the Inspector says about that, you unload that. I am not going to allow them to hold up the house on a technicality, on a point in a section of the Grain Act, which says they shall inspect the grain. That is the trouble, they inspect the house, and not the grain. I told them to go ahead, and that section 27 was quite clear as to the duties of the Inspector, I take it, the Canada Grain Act to mean that. I understand a little of it. There wasn't anything to do. We got our Inspection Certificate, Davidson & Smith, on consignment, that was for the Port William Grain Company transaction. The reason we were mixed up in it was we had a terminal elevator, but as far as the terminal was concerned, we were all right, the Act does not say that you cannot take in grain by boat as well as car. We might take in cars of grain that are mixed. There is no reason why we could not take it from boats. It might come from the mixing house by mixed cars.

THE CHAIRMAN: Grain under the Act might come from the mixing house or a public elevator? A. Certainly.

MR. WOODS: I would like to know whether this ^{grain} beat out of the "Frier" was inspected out of the beat into the Davidson, Smith elevator? A. What is that?

Q. I understood you to say the grain was inspected out of the "Frier" into the Davidson, Smith elevator? A. Yes.

Q. It was? A. Yes.

Q. You got the inspection certificate notwithstanding that

the Board of Grain Commissioners upon the complaint of the company for not doing that very thing upheld the Inspection Department; do you say you still got the certificate?

A. At the time it says that part of the cargo. The complaint we made is that they did not start inspection from the start.

Q. Do I understand that you got an inspection certificate on all the grain that came out of the "Frier"? A. Yes,

Q. Back into the elevator? A. Yes.

Q. What was the cause of this complaint; what the reason for the complaint. The complaint was that you did not get that very thing and that the inspector was wrong in not giving it to you? A. At first they did not start to inspect the grain and the complaint was, we had trouble just there and it was a matter of adjusting for any other procedure. I might say that we put hundreds of thousands of bushels in the same way.

Q. I just want the facts. I cannot understand how there is a complaint of the Fort William Grain Company about the Inspection Department having not issued a certificate of inspection for this grain that came out of the "Frier" when you tell us on your oath today that they actually inspected all of the grain out of the "Frier" back to Davidson, Smith's elevator? A. That was afterward.

Q. After what, this judgment? A. No, it was all eaten, it was, all milled into flour and everything after the judgment.

Q. After that? A. Mr. Woods, I am very dense, I cannot explain very fully, but I will try. This here, the complaint was the refusal of the inspector, the inspector, but they before we were through with them, they gave us that

same inspection certificate the next day.

THE CHAIRMAN: After you made complaint.

A. After I made verbal complaint; in a day or two after it transpired.

MR. WOODS: What was to let you out of the difficulty then? A. We refused.

MR. ARMOUR: This then is an academic question? A. Yes, just the same thing.

MR. WOODS: To let you out of the difficulty? A. The next day, they loaded the grain the next day, but it was a frequent thing. I suppose if you would search the record you would find three or four hundred thousand bushels going through the same way that were really mixed in the "Frier". Every house there mixes grain, including the government elevator.

Q. The question is whether they were bound to inspect the grain back from the "Frier"? A. That is the way I read the Act.

Q. I have read Section 27; A. You know they should inspect it.

Q. I know what my idea is. I am not going to get into a legal dispute with you on Section 27, but the point is that this is complaint by the Fort William Grain Company about their not inspecting back from the "Frier" into the house. A. Yes.

Q. And you say, in point of fact, that is academic to this extent, that the grain got back in the house because you told the superintendent to go on loading it and it did go back in the house and they did go on inspecting it and gave you grades on it the next day? A. Yes.

Q. And the matter was brought up by the Port William Grain Company in the form of a formal complaint to settle the question and the board gave this judgment? A: Yes the Canada Grain Act goes further and says all grain must be inspected in and out of all elevators.

Q. Yes, there is no use getting into a discussion on that subject. The position that I have taken about Section 27 is that that means grain that has not already been inspected and that is precisely what the Board held.

THE CHAIRMAN: Supposing a company owns a public elevator at the head of the lake and subsidiary companies, and a great many of them are interwoven in that way, and another company owns a private elevator. The private elevator may go to the public elevator and buy so much No. 1, 2 and 3 wheat and take it through the private house, and again by the Act the private house may ship it back to the public house whereby it is inspected in. That is all right. That may be the very same grain taken over from the public house and mixed there and by the Act they are entitled to come back and say, "Here is so much grain, inspect it." It is inspected in the same way as if it came from any source. Section 29 says that upon inspection from any public terminal, if from any other elevator, if the inspection authorities are convinced there is any systematic reduction of grade, it is in dispute, whether it applies to the private or not, but the point is that is the same thing, they can buy wheat from the public elevator and take it to the private and bring it back to the public elevator and have it inspected in. The point in this case is that instead of being from private elevator it was from the boat.

MR. WOODS: We are not concerned in that.

Q. Mr. Smith, you have stated that notwithstanding the inspector, Mr. Elliott, said he would not inspect that grain into the house, you said to the superintendent of your elevator, take it into the house whether the inspection department inspects it in or not? A: Mr. Elliott was not there.

Q: You told us a moment ago it was after the refusal of the inspection department to inspect it in that you told your superintendent of the elevator to take it in the house, that is right? A: That is right.

THE CHAIRMAN: The point is that, some of this dishonesty is being charged, or misunderstanding without any attempt to establish the right to mix the grain outside of some establishment other than a mixing house and have it graded back.

MR. WOODS: There is the other point, it is not a question of fraud or dishonesty, it may be bluff, but there is the inspection department saying, "I won't take that grain in the house," and Mr. Smith telling him "Don't you bother about what they say, I tell you to take it in there." It comes and it is bound to be inspected into the house.

THE CHAIRMAN: The inspector had better withdraw.

MR. VAN ALLEN: He did. That is what the judgment says.

THE CHAIRMAN: Did that actually happen?

MR. ARMOUR: The judgment does not deal with the thing except on an academic basis. This judgment was^{net} delivered until the 19th of March, 1919.

THE CHAIRMAN: The witness says in fact that the grain was inspected in and he got a certificate of it?

MR. WOODS: Later on.

MR. ARMOUR: I understand Mr. Smith to say he was testing out his right to do this under the Grain Act.

THE CHAIRMAN: He said the Fort William Grain Company.

MR. ARMOUR: They were testing out the provisions of the Act and if I read the judgment correctly these commissioners are dealing with that as an abstract proposition because of the language employed in it. By the time the judgment was handed down where was this wheat? A: It was all eaten, or in flour.

MR. WOODS: Page 3 is not academic when it says, "The evidence shows that Mr. J. R. Smith instructed the superintendent of the elevator to go ahead and take the grain back in the said elevator, notwithstanding the fact that inspection had been refused for the reasons set forth by the inspector, and by obeying the said orders the operator violated the provisions of the Canada Grain Act and rendered the proprietors of the said elevator liable to revocation of their license."

MR. ARMOUR: I say it is a determination on those facts. Mr. Smith says he does not dispute it. He says our Fort William Elevator, he says we have the right to do this thing.

MR. WOODS: He should not have asked them to go over the heads of the inspection department.

MR. ARMOUR: He may have acted in a high-handed way but he was acting according to his views of his rights under the Canada Grain Act. He tells us the grain was inspected in and he got a certificate for it. If that is the fact this

thing is merely academic. He suffered no penalty.

Q. Your license was not revoked? A: I suffered no penalty.

THE CHAIRMAN: Is this not the way it happened, the grain was taken in without inspection and put in bins and inspected afterwards? A: Without inspection?

Q: Yes? A. No, all grain coming in had to be inspected.

Q. There was some talk of it being put in special bins without a lease. I want to know what happened to this grain and how it was taken into your house? A. It was taken into two special bins.

Q: But graded in? A: Yes.

Q: ^{As} And if it came out of cars? A: Yes.

MR. COMMISSIONER MacGIBBON: I don't understand that. I understand that your men stopped taking it and you told them to go ahead? A: Yes.

Q. When they went ahead did the inspector remain on the job, having previously ~~not~~ desisted? A: Yes, on the job all the time.

Q: I don't understand his action.

MR. VAN ALLEN: Neither do I. That is what the judgment says about that point: "On the following day the Port William Grain Co., having instructed the manager or operator of the steamer to mix the first lot together and the second lot together, and the said instructions having been carried out, the deputy inspector and the chief inspector were requested to inspect the said two mixed lots back into the said elevator at Davidson & Smith.

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"This request being of an unusual nature, and not in the usual manner in which terminal elevators are accustomed to receive grain in the ordinary and usual course of business, the inspecting officers asked the operator of the elevator to wait until they could submit the matter to a higher authority.

"Nevertheless, Mr. J.R. Smith, who has a joint interest in the elevator, the Fort William Grain Company and the S. S. Frier told the operator to go ahead and unload, and the mixed grain was accordingly taken back into the elevator without inspection. That is what I would like to have explained.

MR. ARMOUR: It does not say it never was inspected.

THE CHAIRMAN: That is not the point. Mr. Smith told me this grain was inspected in the same manner as all other grain coming in, just the same as cars from the east. Do you say that? A: Yes.

Q. What do you say about that judgment, is that judgment wrong? A. I don't know the exact quantity, I think it was around thirty or forty thousand. It was quite a consignment and they first started in with that grain, they started to run and inspect the grain and then the inspector by the name of Ritchie called up Elliott who was the supervising inspector and he told him to shut off until they got some instructions from Mr. Smees, I would imagine. I wasn't there, of course, when that was being done, but they got me on the 'phone and O told them to go ahead. They were taking samples all the time, just the same, but only under protest.

MR. WOODS: They don't take samples under pretext from ordinary cars coming to the house? A: Don't take samples of ordinary cars coming to the house?

Q. Don't take them under pretext anyhow?

THE CHAIRMAN: Anyhow, they took samples. A: It was sample all the time and it was just a question of testing this and the next day I got a certificate in the ordinary way.

MR. VAN ALLEN: What you now say is that the samples were all taken the same as from cars coming into the house?

A. Yes, of course and more than that, that boat is constructed with a conveyer belt down below exactly the same as an elevator. It is a floating elevator and the inspector was down at this boat when I arrived at the boat and the man running the boat, Mr. Henderson, he went up and told the inspector to get off the boat, that he did not have jurisdiction, and fired the inspector off the boat and said to inspect the grain going into the elevator. The inspector was not right in inspecting the grain on our boat.

Q. The manager of your elevator was Mr. Gale? A: Yes, no, he was superintendent.

A. He was examined by the chairman as follows: "Q: What did Mr. Ritchie tell you, Mr. Gale?" Mr. Ritchie was then an inspector in the inspecting department? A: Yes.

Q. "What did Mr. Ritchie tell you, Mr. Gale? A: At that time?

Q. Yes. "You say Mr. Elliott told Mr. Ritchie, but Mr. Ritchie was talking over the telephone. I want to get

what Mr. Ritchie said to you. "Were his instructions not to unload, to stop unloading?" "Mr. Morris: You ask for inspection, what was said as to that when the order to stop unloading was given and they refused to take any samples and they did not inspect it? A. They did not sample it in the boat."

A: They did not say they did not inspect it. They did not sample it in the boat.

Q: You just said they did sample it? A: They put it in the house and sampled it. We threw him off the boat. They could not sample on the boat.

THE CHAIRMAN: What more is there to this?

MR. VAN ALLEN: Now, Mr. Smith ---

THE CHAIRMAN: Now, is that what happened, is this an attempt of the Fort William Grain Company to establish their rights on the boat instead of the elevator?

MR. VAN ALLEN: Yes, it still goes further, the point mentioned by Mr. Woods is very important and that is this, that instances such as this probably account for the difficulties Mr. Smith was telling about that they had with the Board of Grain Commissioners, in that they had taken the law in hand.

MR. ARMOUR: Are we trying the differences ---

THE CHAIRMAN: No, it is pertinent to us to show that these men here who were employees ---

MR. WOODS: There are two points, the first one is Mr. Smith's influence on this point, overshadowing influence and second, even if it is a good or bad influence, let us get at it and don't waste time and try to conceal. Mr. Armour cannot conceal him by peck-pecking everything.

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MR. ARMOUR: Let me talk for a while, Maria, as the man said to his wife. Mr. Van Allen said that this accounts for some of the trouble Mr. Smith had with the Grain Commissioners and Mr. Woods says that it leads to something else. It shows that Mr. Smith in upholding his rights should not have consideration in this court because he has some malign influence over the Harbour Commission. It has not connected up anything at all.

MR. VAN ALLEN: Be patient.

MR. ARMOUR: It seems to me a waste of time going into matters of this kind, in trying matters between Mr. Smith and the Grain Board and anybody else.

THE CHAIRMAN: Go on.

MR. VAN ALLEN: Now, Mr. Smith, I believe that your company, the Pacific Construction Company now have under construction a boat in Vancouver known as the "Blatchford"? A: They have.

Q: And my information is that it is also a floating elevator?

A: They haven't tried it out yet.

Q: It is being constructed for that purpose, is it not?

A: No, not for a floating elevator.

Q: It will not be a floating elevator? A: No.

Q: Will it be possible for grain to be mixed on that boat?

A: Possible for it to be mixed?

Q: Yes, sir? A: Of course it would.

THE CHAIRMAN: I don't like these answers, "Of course it would." What do you mean? A: Well, it would be mixed by being loaded from another elevator, two or three streams into that boat at one time.

MR. VAN ALLEN: That is not what I mean, there is more

than one compartment or bin in the boat? A: Three, all boats have compartments, underneath the compartments will be a belt.

THE CHAIRMAN: Are these compartments the holds in a vessel:

MR. VAN ALLEN: Yes.

THE CHAIRMAN: Call them that then. A: There will be two belts.

MR. VAN ALLEN: Running underneath the compartments or holds? A: Yes.

Q. And these belts were will discharge into chutes or legs from which the grain can be elevated? A: Yes.

Q. Another chute head can be belted in another stream elsewhere? A: Yes.

Q. Is that a picture of a cross-section prepared by one of your engineers of that boat? A: Yes, it is a nice picture.

Q: This picture was accompanied by a dispatch from Vancouver, "The 'Blatchford' once a steamer now a floating elevator, the vessel being converted at a cost of \$80,000." You say it will not be a floating elevator? A: You don't pay attention to everything you see in the newspapers.

Q. Please answer the question. A: It is not a floating elevator, I tell you that again.

Q: Notwithstanding the reputation it has acquired? A: They do not understand. There has never been one in Vancouver, there has never been one here. They might call it a Transatlantic liner.

MR. ARMOUR: What do you call it? A: A transfer lighterer boat. That is what it is intended to be.

MR. VAN ALLEN: What is the difference between that boat and the "Frier"? A: She is a very much better boat than the "Frier".

Q: I mean in construction? A: There is a lot of difference in the construction.

Q: How many bins or compartments or holds did the "Frier" have? A: The "Frier" had sixteen.

Q: This one has three? A: Yes.

Q: The "Frier" had a belt underneath? A: This one has two.

Q: And the "Frier" had a leg for elevating purposes?

A: This has two, it is much better.

Q: It is a much better boat altogether? A: Yes.

Q: From for whom is that boat being built, Mr. Smith?

A: The boat was built first for the United States Government.

Q: Who is it being built for now? A: It was built for when it came here.

Q: You understand well what I mean. I doubt if you are saving any time by evasion.

THE CHAIRMAN: I understand too, you mean for whom it is being constructed? A: The alterations you mean?

MR. VAN ALLEN: For whom are the alterations being made?

A: I think it is the B & O.

Q: The British Oriental Grain Company Limited of Vancouver?

A: Yes.

Q: Are they the owners of the boat at the present time?

A: Yes.

Q: Are they registered as owners of the boat^{at}/the present time? A: I think so.

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Q. You don't know of anything different, Mr. Smith?

A. No.

Q. Has the boat been delivered yet to the B. & O. Company? A: No sir.

Q. What is the purpose of such a boat, Mr. Smith?

A. It has various purposes. It is principally used for lighterage. All the grain, I may say, in the City of New York---

THE CHAIRMAN: We cannot hear you.

A. All the grain practically loaded in the Port of New York is loaded by lighterage.

Q. The same as this boat? A: Not quite the same, they are smaller, but it is a lighterage system. I may say that 75 per cent of the grain going out of New York is lightered.

MR. WOODS: This Commission has been at New York and knows all about it.

MR. ARMOUR: Let him tell. Mr. Smith wasn't at New York.

A. I was not at New York.

MR. COMMISSIONER MACGIBBON: The grain is put on the vessel itself and the vessel is used for elevating.

A. It is a Lighterage proposition. This is self-contained insofar as the necessary machinery make it. That is what it is for, it is simply a lighterage proposition.

MR. VAN ALLEN: Supposing it is a lighterage proposition, this grain will be properly inspected and weighed in the compartment of the boat? A: Probably it will.

Q. That will be the purpose. Then, from the Blutchford will be loaded into ocean going steamers. Is that the idea? I am just asking you if that is the purpose of such a boat. You have told us the Port of New York uses such boats as this for lighterage purposes. I am asking you if this is way

lighterage boats are being used?

A. I don't know if they are going to use it.

Q. Is that the way it will be used in the ordinary course? A: Yes.

MR. WOODS: He did not say that in the Port of New York such boats were used. He said that it was a lighterage proposition. We know perfectly well in the Port of New York such boats as this, they are not the same.

THE CHAIRMAN: What is the system?

A. Different methods of lighterage. Lighters would be loaded at this elevator, it might be taken out in the dump scows and put into the boats.

Q. But here it is taken on the boat? A: Yes, taken on the boat. You could load it at the Government elevator and put it in barges and put a clam shell on for loading.

Q: When the grain leaves the elevator and goes into the "Blatchford" it is graded into the "Blatchford" and out of the "Blatchford".

MR. VAN ALLEN: Weighed and graded.

THE CHAIRMAN: And when it goes on the ocean vessel; it is elevated from the hold of the "Blatchford" into the hold of the vessel. A: Yes, sir.

Q. Who would superintend the loading there?

A. I would imagine the grain inspector.

Q. It would be two inspectors then? A: Not necessarily two inspections. They run grain from Ft. William and it goes through the Eastern elevators without inspection.

MR. WOODS: Supposing it was mixed. A: How could it be mixed, Mr. Woods?

Q. Mixed on the belts. A: Where would it go,

out to sea, on the ocean?

Q. No, it would be mixed there as they were putting it in. A: I cannot get that, how would it be mixed?

Q. Couldn't it be mixed? A: Explain it, I don't know that very well?

Q. You know the construction of the boat?

A. Pretty well, yes.

Q. Couldn't grain be mixed on that boat as it is constructed, between the time of its leaving the elevator where it had been graded in, and the time it is taken into the ocean-going vessel? A: If it was loaded,

Q. The grain was loaded in the "Blatchford" from the elevator. A: If you put it out in the ocean, and you had an empty held, it would be possible to mix.

If you have some place to go.

Q. Supposing one bin was empty and there were two lots. A: You mean to load two bins, and leave one empty.

Q. Yes. A: Anything is possible.

Q. I don't want to give a wrong slant to the thing. You say that this is a most modern type of lighterage boat.

A. Yes, you ought to go and see it before leaving.

Q. Yes, let me see if we agree on this. I don't for a moment dispute the statement that it is a most modern type of lighterage boat. They haven't anything like it in New York Harbour? A: No.

Q. But in that modern type of lighterage boat where it is used for loading vessels it is capable of misuse by the grain being mixed. A: It is possible.

THE CHAIRMAN: You say it is a most modern type. Where does the type come from, where else is it used? A: This

here type of boat I have been interested in three, at least not interested in it, but interested in the construction of three similar boats.

Q. Where? A: In Port William.

Q. They are used down there? A: Yes, oh yes, the first, or at least, the second boat that came here was the "Van Allen", a very famous boat; she is out of business now.

MR. VAN ALLEN: I have been waiting for that. She had a few charged put in her. A: But she was owned by the president of the Liberal Association.

MR. WOODS: Do I understand you to say there were boats like this at the head of the Lakes? A: Yes, the "Van Allen", for instance, was one.

Q. It was a lighterage proposition? A: It was lighterage, only they used a marine leg. They had the "Van Allen", the "Ritchie", and the "Morrison".

Q. How were they operated, by belts beneath the bins?

A. The "Ritchie" was operated so that you could use a marine leg, and you could have this swing light. The "President Morrison", has two belts to a common hopper, where the marine leg goes, the same as ours. They did put a leg on the "Morrison", and they did the work very good, and then we had the "Van Allen".

THE CHAIRMAN: You said we had. A: I am talking about Port William and Port Arthur.

Q. These are not your own boats? A: No, just had the one.

Q. Just the one the "Fryer". A: We had two, one was burned.

MR. WOODS: Is the "Van Allen" still in use by somebody?

A. Yes.

Q. Who is using it? A: They use that the Henderson Company, Charlie Gaze --it has been used by practically every elevator at the head of the Lakes, at different times, the Grain Growers.

THE CHAIRMAN: If these boats are in use, you have named four or five of them, the "Fryer", "Hitchie", "Morrison", and so on, the inspection department must have means of supervising them. Mr. Sellers is not here. A: Mr. Laughlin is here. He ought to know about it.

MR. WOODS: We will ask him.

THE CHAIRMAN: If this type of vessel was in use somewhere, there must be some way of watching and supervising it.

MR. WOODS: We have never heard of any inspection out of a lighterage vessel of this kind at the head of the Lakes.

THE CHAIRMAN: I have heard the names of four that were employed at the head of the Lakes. I don't know how the Inspection Department handles them.

MR. VAN ALLEN: We will probably call evidence on that.

MR. WOODS: Are they there yet? A: No, the "Van Allen" was burned; she is gone. The "Fryer" is still in existence.

Q. Anyone else? A: The "Morrison", I would not be sure whether it is burned or not either.

Q. The "Fryer" is the only one at the head of the Lakes? A: No, there is the "Patterson, which is doing most of the business.

Q. For sample cargoes or what? A: Anything, any kind of grain.

Q. We will find out what the "Patterson" does.

A. You see, the "Fryer" was used more for transporting grain from one house to another. This boat is suppose to transfer grain from the elevator to ocean ships.

MR. VAN ALLEN: Just tell me, I want to get this clear, it would be necessary of the Inspection Department to have another inspection on the "Blatchford" into ocean steamers?
A: Not necessary.

Q. The inspection at least would have to be checked.

A. No, but you would have to have somebody put the seal on, to seal these bins, and see that it went off in the proper way. That is with grain to Eastern points without inspection, or even checking.

THE CHAIRMAN: It would require another inspection.

MR. VAN ALLEN: Yes. A: No, it would not.

THE CHAIRMAN: How would you arrange it, here is grain loaded on to this lighter and taken out and loaded on to another vessel. A: The identity would be preserved, no question about it, much more than in the terminal elevator.

Q. By the Inspection Department. A: Yes, much more.

Q. If that is the case on the boat there is no use, it is their bin. A: You could seal every valve on that whole boat, and it would not be necessary. You could leave her out a week, and it could not be moved without the seals being tampered with.

Q. All right.

MR. WOODS: The boat that is owned by Mr. Patterson is simply used for transferring grain from the public terminal to his own private terminal. It is not used for loading ships; it has no marine leg. A: No, there is no marine leg.

A marine leg is put on a boat to unload into another ship.

Q. There is no leg that enables it to unload.

A. You mean self unloaded.

Q. Yes. It is simply a transferring boat, carrying grain from the public terminal, rejecting grain that he buys, and takes it to the private terminal and he treats them there. That is all the "Patterson" boat is. A: I think I told you --

THE CHAIRMAN: Does he take grain back from the private to the public?

MR. WOODS: Either way.

THE CHAIRMAN: The point is, is he getting grain graded from the private to the public if he is taking it back.

MR. WOODS: Whatever grain the Patterson boat carries, it has to be graded out into the elevator by the inspector. It is not in any way taking grain and loading it into the hold of the vessel. That is a difficulty I see about the existence of a boat such as this. Once the grain is graded out of the elevator into the bags, how are you going to watch it between that boat and the ocean going vessel, if it can be used to alter the grade while it is in transit.

THE CHAIRMAN: The inspector could watch.

MR. WOODS: You would have to have it under the charge of the Inspection Department, and you would have to have weighman. A: No.

Q. Why? A: Because it goes in there and the identity, the weight and the grade is preserved in that compartment, and as long as that is transferred on the ship, the identity is absolutely preserved. Now, Mr. Woods, you said the "Morrison" --

Q. I don't know how about that, that "Morrison" boat, it is not--

A. Sometimes you pin me down, and sometimes you let me go. The "Morrison" boat had a leg on it, and I explained that before, and you did not grasp it. The leg did not work very good, and it was pulled out, and they used a marine leg, but it was constructed and built--there was a leg built to serve the same purpose as the "Blatchford".

Q. How long ago was that? A: Four or five years ago, I would say.

Q. You see we haven't any experience of it. It must have burned up or been destroyed. The only boat that we heard of is the "Patterson" boat. A: That is the name of it?

Q. "Mary Boyce". A: It was the Donaldson one that I am speaking of.

Q. All I am getting at, the Patterson boat was not similar to this. It was simply a transfer boat, out of which you cannot load into a ship. A: No, not at present.

Q. That is not the point that is troubling me, it is the other point, as I mentioned to Mr. Smith. He says these bins are sealed. On this point of course ---

A. I beg your pardon?

Q. Are the bins sealed? A: You could seal them.

Q. It is the idea of the Inspection Department to seal them up, and also the part on the belt? A: If you seal them there below the valve, you could not take it out from the top generally speaking.

Q. No, generally speaking, you could not. You might

take some buckets. A: You can see that from the design.

Q. Is it the desire that the valve on the belt is to be sealed? You would have to have somebody from the Inspection Department? A: Yes, or the Weighing Department, either one.

Q. You would have to have an official in charge of the grain on the boat. A: Yes, that would be the proper thing.

THE CHAIRMAN: The point is this, you are dealing with the Pacific Construction Company. I suppose they are building it under specifications here, this company you are dealing with; this Pacific Construction Company, they are building a certain vessel, and I suppose in building a vessel of this kind, and I suppose the owner of the vessel is the proper one to explain its use.

MR. ARMOUR: Why is she called the "Blatchford"? Ah well, "Blatchford", Mr. Blatchford is the president of the B. & O.

Q. That is Mayer Blatchford of Edmonton? A: Yes.

Q. He is president of the B. & O. Company? A: Yes.

Q. It is named after him? A: Yes.

THE CHAIRMAN: Are you in any way interested in this vessel? Are you a part owner? A: Not any more than the contract for building it.

Q. Are you a member of the British & Oriental Grain Company? A: No, sir.

MR. VAN ALLEN: Did the Pacific Construction Company ever own this boat? A: No, the Pacific Construction Company never owned it.

Q. Did you or your partner, Mr. Davidson, ever own it?

A. You would have to ask him.

Q. Did you and your partner, did you? A: No, I did not own it at all.

Q. Who was it purchased from? A: I don't know that.

Q. Was it not purchased in Seattle? A: Yes.

Q. From the Equitable Trust Company? A: Mr. Davidson can answer those questions.

Q. I think you did say the Pacific Construction Company never owned it? A: Never owned her.

Q. And did not buy her? A: No.

Q. And never had any interest in the boat? A: They bought the boat; Mr. Davidson purchased the boat for Blatchford when he was down there.

Q. Mr. Davidson purchased the boat for the B. & O. people? A: Yes, he was just an agent.

Q. The Pacific Construction Company were never interested in the boat in any way, as far as you know?

A. They understood they had instruction from Mr. Blatchford to get this boat. They discussed the light-exage preposition, and they told him what kind of a boat they could get there. He had instructions, he told them to pick out the best boat possible. He went down and bought the boat, and the company's name is on the papers there.

Q. He bought it in his own name? A: That would not make any difference.

Q. What I am getting at, he did not buy it in the name of the Pacific Construction Company? A: No, the boat was purchased for Mr. Blatchford, Mayer Blatchford.

Q. The boat was not purchased by Davidson in the name of the Pacific Construction Company? A: I don't

know. get Mr. Davidson. He is here and will tell you about that. He does lots of things that I don't know anything about.

Q. All right. That is all the questions I have to ask this witness on this subject.

MR. FARRIS: Are you in any way connected with the B. & O. Company?

THE CHAIRMAN: I asked him that, and he said no.

MR. WOODS: Who designed this boat, do you know?

THE CHAIRMAN: Pardon me a moment.

MR. WOODS: The improvements. A: I had a large part to do with it.

DR. MCGIBBON: You are not accepting stock in payment for the work you are doing on that boat? A: No, we have no stock in it at all.

MR. WOODS: Have you been paid for the boat? A: We have been paid as we have been going along. I don't know exactly; we have not been paid in full. Mr. Davidson will tell you all about that.

SIR G. H. TUPPER: Mr. Blatchford will be here too.

MR. VAN ALLEN: Now Mr. Smith, you told me this morning that one of your subsidiary companies was the Terminal Grain Company. My information is that that company was incorporated in the spring of 1917 under Dominion charter. That is correct? A: Speaking from memory, possibly it is.

Q. And you were one of the original directors, I believe. A: You have got that --

THE CHAIRMAN: When did you say?

MR. VAN ALLEN: May 1st, 1917.

A. Have you got any stuff on that; let me see it. I am not going to memorize back that far.

Q. My information, Mr. Smith, is that this company was incorporated on May 1st, 1917, and that the original directors were John Russell Smith, William Thomas Miller, Michael McCullough, Francis Albert Johns and Robert Lennex, all of the City of Winnipeg.

A. Is that the Fort William Grain Company?

Q. No the Terminal Grain Company Limited. A: Mr. Miller is in town, you had better get him, and see. He is here in the grain business. I never attended a meeting or anything else.

Q. At any rate, can you recollect this, that from the date of the formation of the company you have been a director up until last year at any rate. A: I would not say that either, because I am not taking an active part in it. I can get you all that information.

Q. The annual returns from for the company were sent in from year to year by Mr. McCullough as vice-president and secretary for the time being.

THE CHAIRMAN: What annual returns?

MR. VAN ALLEN: Under the Dominion Companies Act.

Q. Do you know? A: Well, I don't know.

MR. ARMOUR: He says he doesn't know.

MR. VAN ALLEN: I am asking him if Mr. McCullough looked after the matter of the returns? A: I suppose so; I am speaking generally.

THE CHAIRMAN: What is this about, so that we will be able to follow; what is the Terminal Elevator Company?

MR. VAN ALLEN: The reason I mentioned it, I have in my hand a copy of certain questions put by Mr. George Black,

a member of the House of Commons for the Yukon to the Honourable the Minister of Marine and Fisheries in the House of Commons, in which certain questions were asked regarding the leasing of an elevator site in Vancouver, and it appears that this elevator site was leased to the Terminal Grain Company, of which my information is, Mr. Smith has been a director since the date of the incorporation. The first question was this, "Has a lease of land been granted by the Vancouver Harbour Commission to the Terminal Grain Company, ... H. Gale, President, otherwise known as Spillers. A: Yes.

2. For what period has the lease been granted? A: 99 years.

3. What rental is payable? A: From August 1st, 1923, to August 1st, 1924, a sum of \$2,566.07. From August 1st, 1924, to August 1st, 1954, \$12,000. per year, from August 1st, 1954, to the balance of term at rental to be agreed upon, but failing any agreement, to be set by arbitration.

4. When does payment of rental commence?"

MR. FARNIS: There is clearly an error. The lease is not to the Terminal Grain Company, but to the Vancouver Terminal Grain Company.

THE CHAIRMAN: You mean it is a different Company?

MR. FARNIS: Absolutely.

THE CHAIRMAN: Just a mistake of names?

Mrs. VAN ALLEN: Yes. But there is more to this than my learned friend would suggest.

MR. FARNIS: Well, get something that has something to it.

MR. VAN ALLEN: My information is that there was a lease to the Terminal Grain Company Limited, which I have been referred to in the examination of Mr. Smith, and subsequently another lease to the Vancouver Terminal Grain Company,

and probably what Mr. Farris says in regard to this is correct, that the Minister, in answering the question, did not distinguish between the Terminal Grain Company Limited, and the Vancouver Terminal Grain Company Limited, but I want to have that cleared up.

MR. FARRIS: Mr. Gale is the president of the company here, and if the proper man to clear that up.

MR. VAN ALLEN: We will call Mr. Gale. That is where the Terminal Grain Company enters into this matter as lessee of this elevator site purchased my information goes by the Harbour Commission at a cost of \$325,000. and which they now hold under agreement of sale.

THE CHAIRMAN: And you say in the past instance they leased that to the Terminal Grain Company, of which Mr. Smith is a director?

MR. VAN ALLEN: Yes.

THE CHAIRMAN: Have you the terms of that lease? That lease must have been cancelled and come to an end.

MR. VAN ALLEN: My information is that the lease was surrendered by the old company. I want to find out?

THE CHAIRMAN: Cancelled, at any rate, because here is the lease from the Vancouver Harbour Commission to the Vancouver Terminal Grain Company,

MR. FARRIS: My learned friend said he hadn't got the information. I have offered to give him every document there is in connection with these matters.

MR. VAN ALLEN: I wrote my learned friend Mr. Farris, on May 26th, and in my letter I asked for a copy of the lease given by the Harbour Board to the Terminal Company, Ltd. ^{Grain} and I have not got it; it is the lease to the Vancouver Terminal Grain Company that I have got.

THE CHAIRMAN: What about this?

MR. FARRIS: That is cancelled. It is not in existence. I don't know whether I can ~~xx~~ get it or not. I may be able to find it if he wants it, but I asked Mr. Methersill two months ago to let me know anything he wanted. He had full opportunity to get all these documents.

THE CHAIRMAN: At one time there was apparently a lease between the Harbour Commissioners and this Terminal Grain Company. What do you allege about it?

MR. VAN ALLEN: I want to see the lease.

THE CHAIRMAN: You want to know its terms?

MR. VAN ALLEN: I did not know that there was such a lease until a few days ago.

THE CHAIRMAN: Can you furnish it, Mr. Farris?

MR. FARRIS: Yes.

MR. VAN ALLEN: What about Currie and Snyder?

MR. FARRIS: I would like to find out now where we are going to, because I don't see anything to connect with the Terminal Grain Company and Spillers referred to in the charges of Mr. Van Allen. I understood when I started to ask certain questions with regard to the inspection, that I was limited to these eleven charges. Now, we have been here two weeks, and have covered a very great deal of ground. Are we not going to proceed on these charges? If we are not going to proceed upon them, then what are we going to proceed upon? I don't object to investigating anything, but I do insist if we are going outside these charges, that Mr. Van Allen will forthwith serve us with what he is going to charge, and he should do it now, in definite charges, rather than by any

further innuendoes, and I suggest, I think the time has now come when we must have specific knowledge of anything going outside the charges and the charges should be in definite straightforward manly form.

THE CHAIRMAN: Does this matter between the Board of Harbour Commissioners, and the Terminal Elevator, the Terminal Grain Company of the lease of the site, does this concern the Harbour Commissioners as owners and operators of an elevator, or merely as the Government of the Harbour, dealing properly with the Harbour Commissioners.

MR. VAN ALLEN: In the latter respect, because they will not be operating this as heretofore.

THE CHAIRMAN: We are not here to investigate things as to the governing of the Harbour, except insofar as Harbour leases.

MR. VAN ALLEN: And that is exactly where it come in.

THE CHAIRMAN: Perhaps you can show us.

MR. VAN ALLEN: I intend to if I can get a copy of the lease.

THE CHAIRMAN: When can Mr. Van Allen have a copy of the lease, Mr. Farris?

MR. FARRIS: I would like to know now just what Mr. Van Allen is alleging, and just what he wants us to get, and what charges he is making. I would like to know whether he is charging this international firm of Spillers & Company with any wrongdoing, or just what he is suggesting. I think the port of Vancouver is to be very highly congratulated on having such a concern as Spillers brought to this City, and I don't think there should be any insinuations or suggestions concerning a firm of that

standing, unless Mr. Van Allen is prepared, upon his responsibility here, to make some definite and absolute charges. I think that we have had enough insinuations against this port, and we don't want capital scared away from this port by having all sorts of suggestions, and a company coming here not knowing what mud they are going to have thrown at them before they arrive. It is much more serious than the charges we are investigating here today.

MR. VAN ALLEN: My learned friend is not going to coax me into making charges against the Spillers people. I have nothing of the sort in mind. This matter of the Terminal Grain Company was not known in any way to me at the time I made my statement in Winnipeg. I never knew it until I came to Vancouver. As a matter of fact, it was raised for the first time in the House of Commons in April 1924.

THE CHAIRMAN: I know, but that refers to a contract made with a company known as Spillers. That is not what we are probing into at all, or is it. Are you concerned with a contract made with the Board of Harbour Commissioners, and with a firm known as Spillers?

MR. VAN ALLEN: Only in respect of the cargo rates matter.

THE CHAIRMAN: You see there is some relationship between the contract made with the Board of Harbour Commissioners, and the Terminal Elevator Company.

MR. VAN ALLEN: Yes.

THE CHAIRMAN: And the cargo rates question. What relation do you see. We want to know what you are asking us to go into. How are you affected. What relation has it to do with the cargo rates question by bringing

the two documents before us?

MR VAN ALLEN: The answer given by the Minister in the House of Commons would indicate that this property was purchased for \$325,000, by the Commission, and after the first year it is let to private interests for \$12,000. a year, according to this answer; it is leased to private interests for \$12,000. a year, which work out at 3.96 per cent. If that is the case, it has a direct bearing on the question of cargo rates.

THE CHAIRMAN: You mean to say the consideration is so low that they are obliged to raise the cargo rates?

~~XXXXXXXXXX~~

MR. VAN ALLEN: That exactly appears --

THE CHAIRMAN: I can understand that, with the lease in existence, but what relationship is there between that and a lease that was not gone on with the other other Company?

MR. VAN ALLEN: I don't know until I see the lease.

MR. FARRIS: I say that we don't object to producing anything.

MR. VAN ALLEN: My friend has produced the second lease; I want the first lease, the original lease.

M. FARRIS: Mr. Sloan tells me that he understood.

THE CHAIRMAN: The original lease was cancelled.

MR. VAN ALLEN: Yes.

THE CHAIRMAN: What do you want to know, what the terms were?

MR. VAN ALLEN: Yes.

THE CHAIRMAN: It has already gone. It cannot affect the present cargo rates.

MR. VAN ALLEN: Probably not. I said that I want to see the terms of the second lease, I want to consider the terms of the second lease in connection with the cargo rates, but the lease, in connection with the first lease, was a lease to the Terminal Grain Company, in which the present witness was from the date of its inception, according to my information, one of the directors, and the lease of the Terminal Grain Company comes into that feature, and the lease of the Vancouver Terminal comes into the other feature.

THE CHAIRMAN: You want to see what relationship exists between the Board of Harbour Commissioners and Davidson and Smith and --

MR. HOODS: While on this, there was handed to Mr. Mothersill, and Mr. Mothersill handed it to my friend, this statement: It is very carefully get up, and I want to see if that is satisfactory to my friend Mr. Harris, is is the auditor's report to the Chairman and Members of the Royal Commission, the auditors being the auditors of the Vancouver Harbour Commissioners, Wilson and Wilson.

It is an auditor's report to this commission, and was for certain purposes. My friends have asked me: Mr. Lucas has asked me to have that put in now. The auditor will be called to verify it. It is in connection with the cargo rates, but I just had it before me.

Mr. Van Allen does not want to examine Mr. Smith any further on these subjects.

MR. ARMOUR: I think Mr. Van Allen ought to take one of two positions. He brought up the matter of the steamship "Currie" in connection with Mr. Penfeld, said to be an employee of Davidson & Smith. Does he hang anything on

that any longer, or is he going to wipe that out, because I want to examine Mr. Smith on that.

MR. VAN ALLEN: Go ahead.

MR. ARMOUR: I don't want to do it if it is not necessary.

THE CHAIRMAN: Well, about that "Currie" case, Mr. Armour, I suppose it may as well be cleared up, but the way it appears to us there was 28,000 bushels being loaded on the occasion in question, and 38,000 were loaded, and afterwards Davidson & Smith made this known, I think to the Board of Grain Commissioners, to the Inspection Department, or the Weighing Department there, or somebody, that too much of their wheat was on this vessel, 10,000 bushels too much, and claimed it back, that it got out without being weighed.

MR. ARMOUR: That was afterwards abandoned, the claim.

THE CHAIRMAN: Yes, we are at a loss to know how it occurred, or when Mr. Penfold merely came in this way, when the transaction was looked into by us, it was found that he had destroyed the weighing sheets, and Mr. White told us that he did not think he had done anything wrong, that he was not guilty of any wrongdoing, and gave him a month's suspension, and that ended that as far as Mr. Penfold was concerned.

MR. ARMOUR: I think that Mr. Smith was called as a witness before the Grain Board.

MR. VAN ALLEN: No.

MR. ARMOUR: Yes I think he was the last witness.

MR. WOODS: Yes, and you said you made a claim for this grain and afterwards you said you did not claim it.

MR. ARMOUR: It was the very last witness.

Q. Now Mr. Smith, with regard to the steamship "Currie" this thing goes away back to 1914 and is in connection with Penfold. Penfold is now as I understand assistant to Mr. McLean, assistant in No. 1 elevator here. Tell me what you know about that incident in regard to the "Currie"? A: Well, the steamer "Currie" was loaded by Davidson & Smith at the Canadian Government elevator and when this load was put on, after the ship was loaded there was a question that one of the holds did not have, at least did not take the quantity of grain it was supposed to carry, in other words, instead of having 38,000 to fill, the hold had 28,000. We were operating a very short time at that time and when I found out a mistake was made, an overshipment, I naturally concluded that it was out of our House because the Government elevator is a well run institution, they would not make any mistake and it was only a question of 10,000 bushels and I thought if a mistake was made it would be out of Davidson & Smith, not the Government, they could not make a mistake, practically. I went to the chief grain master or tried to see him.

Q. You made a claim? A: I can tell the whole story.

Q. What I want to get at is this? A: Well, the Government elevator made a mistake, overshipped 10,000 bushels of grain; we had nothing to do with their mistake; we were not responsible for their mistakes.

Q. Now, wait a minute, this man Penfold was a Government employee, was he not? A: Worked for the Board of Grain Commissioners.

Q. What was he? A weighman? A: Their weigh man.

Q. In your elevator? A: Yes.

Q. Davidson' Smith's? A: Yes.

Q. On the Waterfront? A: Yes.

Q. And it was in consequence of some action of his that an enquiry was held? A: It was not an action of his, no.

Q. Well, he was suspended, was he? A: Not from that case at all. Mr. White made that quite clear here. It was not for anything in reference to the "Currie" at all.

MR. WOODS: It was because in connection with that enquiry it transpired that Penfold had weighed back to Davidson & Smith's elevator certain grain and had not kept track of it.

A. That is the steamer "Leonard".

Q. It was in connection with the explanation given as to how the overshipment in the "Currie" was that the "Leonard" was brought in? A: Yes.

MR. ARMOUR: This ship "Leonard" was in, and the grain was ready for her, all weighed up and everything else?

A. Yes.

Q. He got into trouble over that by reason of the fact that that wheat was taken into your elevator?

A. Yes.

Q. And he destroyed his weigh sheet? A: He did not keep any record.

Q. He took the records and destroyed them? A: It was the same thing, there wasn't any record.

Q. Mr. White, if I recollect, said that what he should have done with the weight certificate was to put

them in and mark them "cancelled", or "Brought in again," or in any rate to have made a notation on his weight certificate which would contain a record of the transaction?

A. They did not make out a certificate on his weigh sheet.

Q. Weigh sheet, that is it. Now, what had you to do with Penfold taking that wheat back into your elevator?

MR. FARRIS: There is no question that there was anything wrong there, Mr. Armour.

MR. ARMOUR: There is something suggested that it is wrong, or it would not have been dragged in here.

MR. FARRIS: Mr. White cleared that thing up. I don't want to go into this Penfold matter, I don't see where Mr. Smith is charged with it.

MR. ARMOUR: It is suggested he is.

A. We want to clear up where the mistake was made.

Q. Put it shortly, I want to know if you had anything to do with it, good, bad or indifferent? A: We didn't have to do anything with it, only weigh it back in the ordinary way. I don't get your question.

MR. FARRIS: Mr. Chairman, I must object to my learned friend's question, his method of questioning. According to his method of questioning it might be suggested there was something wrong with Mr. Penfold. I want to make it clear that Mr. Penfold is a young man and that he made a mistake.

THE CHAIRMAN: As far as Mr. Penfold is concerned the thing happened ten years ago and it is very hard to try its merits now, but Mr. White who tried it then found

Mr. Penfold made a mistake and he himself in order to impress on his mind suggested that he be suspended for a month, which was done, and he was taken back, and that is as far as Penfold is concerned, and I think you had better leave it at that.

MR. ARMOUR: I started out by saying that I did not want to go into the thing unless it was necessary.

THE CHAIRMAN: There is another point, we are on the general examination as to the doings of Messrs. Davidson & Smith at the head of the Lakes. While the Penfold matter goes out, there still remains the case of the Steamship "Currie"; What about it, is there anything to be said about it? Does Mr. Smith care to say anything about it?

A. I don't care to say anything, there, other than the Canadian Government Elevator made a mistake and tried to hand it on us.

Q. You withdraw that claim and were out the 10,000 bushels?

A: I was willing to take it if they would give me the 10,000. I did not get anything but the blame.

Q. As far as ~~the~~ Penfold is concerned, has it anything to do with his position here? A: He lived in the same block in Port William. I have a block with four suites and Mr. Penfold lived there five or six years and naturally I would see him quite frequently and he used to discuss these things. It was just a matter of discussion, I have known the family for years.

MR. WOODS: I think I intended to ask some questions along that line because I don't think it was covered as to what his influence was in getting these men appointed.

That thing was not covered.

THE CHAIRMAN: Penfold told us as far as his position was concerned, his own wife brought it to his attention and then he did have a talk with Mr. Smith once in Fort William but he did not ask him to use his influence and he never heard that he had used it. That is about all.

MR. ARMOUR: What have you to say about that; did you have anything to do with getting the appointment for Mr. Penfold? A: At the time that this Ad. was in the papers I had a project with Mr. Penfold, to go into a little business in Fort William, and we never thought that there was a possibility of him coming out here and he did not think he would come out and would not, only for his wife's persuasion. It was his desire to stay there, to go into something we had planned out, to which I was to be a party.

Q. Did you communicate in any way with the Harbour Commission~~ers~~ so as to influence his appointment, or support it? A: I did not know about it at all, absolutely nothing to do with it at all.

Q. Nothing to do with his appointment so far as the Harbour Commission was concerned? A: His appointment I understand was by wire.

Q. I understand he was among various applicants who answered the advertisement which was not only for a superintendent but for weighman and something else? A. Yes.

Q. Now, Mr. McLean has told us how Penfold's appointment came about and so has Penfold. You had nothing to do with it good, bad or indifferent? A: No.

Q. I see in these so-called charges some references made to the Steamship "Snyder", but as my learned friend has not offered anything on that I don't propose to deal with it.

THE CHAIRMAN: What about that, Mr. Van Allen, are you going on with that?

Mr. Van Allen: No, the only evidence will be the reference to that already on the record.

THE CHAIRMAN: It is not here, Mr. Smith never heard it.

MR. VAN ALLEN: I can give the evidence on record to Mr. Armour, and if he wishes to examine his client on it all right. I have not the evidence here.

MR. ARMOUR: Surely my friend cannot take that position. He has to withdraw that statement as concerning the steamship "Snyder".

MR. VAN ALLEN: It is on the record.

MR. WOODS: Not on this record. I think the proper thing for Mr. Allen to do is to read to Mr. Smith what is on the record at Buffalo and ask him what he knows about it.

MR. ARMOUR: If he is going to rely upon the thing, I think that is only fair treatment.

MR. WOODS: I think that is correct.

THE CHAIRMAN: What else is there?

MR. WOODS: I want to ask Mr. Smith a few questions as to what influence he had, if any, in connection with getting Penfold, McLean and Biernes appointed?

THE CHAIRMAN: Is there anything else?

MR. ARMOUR: If your Lordship would allow me a moment, there is so much disjointed matter in this thing.

-950-

Mr. Smith.
-27-5-24-

THE CHAIRMAN: I tell you between now and half past
two you can look into it.

[1:55 P.M. THE COMMISSION THEREUPON ADJOURNED UNTIL
2:30 P.M.)

TUESDAY, MAY 27th, 1924,
at 2.30 p.m.

(Hearing resumed pursuant to adjournment).

JOHN HUSSEL SMITH, resumes the stand.

MR. WOODS: Mr. Chairman, before Mr. Smith goes on again, this was the letter that he handed to me yesterday, which was addressed to you by Mr. Charles P. Coles, dated May 26th, 1924:-

"Judge W.F.A. Turgeon,
Chairman,
Royal Grain Commission,
Vancouver, B.C.

Sir, Your Commission is here to ascertain facts in connection with certain charges made against the Vancouver Harbour Commissioners. I respectfully suggest that a most essential and significant must be the actual stock of grain and screenings now in the Harbour Commissioners' Elevators, and unless you have the figures to show what has been taken in, what has been loaded out, and what is left in the elevators, you are lacking most important information.

It has been suggested that "weigh-up" could not be conducted now without great trouble, expense and delay in shipping. Whilst it is true that a "weigh-up" must be some trouble and expense, it would be but a very small fraction of the trouble and expense already incurred by this Commission. For this Commission to conduct an investigation such as this without ascertaining the actual figures of the receipts, shipments and actual grain on hand would, it seems to me, be as

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unsatisfactory as inspecting a bank without balancing its books and counting the cash on hand, If nothing more thorough be done, I certainly think there should be a shutdown if necessary for a few hours, and the contents of the bins estimated. Faithfully yours,
Chas. F. Coles."

Mr. Chairman, upon considering that matter, I took the matter up along two lines: I stated to this Commission early in the session that I had taken the matter up with the Chief Weighmaster, who had told me that on account of the fact that there was a great quantity of uneleaned grain in the elevator, and must be-- and on account of the fact that the elevator was pretty full, and on account of the fact that a "weigh-up" would mean the shutting of the elevator, that is to say the stopping of receipts and shipments during the time of the "weigh-up"; that in his opinion it would be most inconvenient, and very doubtful of value, to take a "weigh-up" at the present time. I gather that to be his view, although I may be--I have not quite correctly stated his view. Mr. White went away on Saturday night, but he is at present in Calgary--he is there to-day; I therefore, after adjournment yesterday, took this matter up with our technical expert, Mr. Young, with a member of the Board of Grain Commissioners who would have to order a "weigh-up", or should order a "weigh-up," if it is to be done, and with the other practical man here from the head of the Lakes, some of the Board of Grain Commissioners, and the Government elevator managers,

and the best opinion I could get from them indicated this, that it would be possible to make a "weigh-up" of that house, and a fairly accurate "weigh-up", if not a completely accurate "weigh-up", by running the bins, having an inspector take the dockage from the bins, and find what the dockage was in each of the bins as run, and that so far as the amount of grain in the elevator went, it would appear that there would still be working space there left, so that a "weigh-up" could practically be done without a great deal of inconvenience, although unquestionably it would result in a partial, if not complete stoppage of shipments from time to time---at least during the time ~~at~~ that the "weigh-up" was in process. I understand he also ascertained that shipments at the present time were light, and I there-upon, with ~~at~~ that information, took the matter up with my friend Mr. Lucas, who represents the Merchants' Exchange, because the conclusion I came to was that I would not act upon the application of one shipper. If anybody is to suffer by reason of the elevator being tied up for a short time, it will be the shippers, and it was they as a body that should, in my view, make the application, or endorse it. My friend Mr. Lucas has had something of his executive, and after full consideration he informs me that they endorse this application on behalf of the shipping interests--the grain shipping interests, and the other shipping interests represented by their Association, which I think represents nearly all the shipping interests.

Now, under those circumstances, and in view of the

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advice I get from the technical man, I am bound to say that---I am submitting the matter to the Commission. It is not a question --Mr. Coles has written in denominating these things---charges against the Vancouver Harbour Commissioners, and then we have shown what the character of the things are, and it will take more than a few hours for the elevator to be weighed up---I think it would take about four days. That is my opinion, from all I can gather it would take about that long, and I have so informed my friend Mr. Lucas, and he has his clients. Apart from those two inaccuracies in Mr. Coles' letter, I think the rest of his letter is substantially--we cannot help but say it is substantially correct. It would be much more satisfactory, there is no doubt about that, if we could have this "weigh-up".

We have been going into the question of trying to explain, or trying to get the Vancouver Harbour Board and the men from the head of the Lakes, Mr. Rathbone and Hetherington, to go into this matter of the shortage of 75,000 bushels in 1 Northern, alleged by my friend Mr. Van Allen, from the figures given---

THE CHAIRMAN: That is overage.

MR. VAN ALLEN: No, it is not overage, it is overshipment.

MR. WOODS: It is overshipment.

THE CHAIRMAN: That is what I mean, you can't call it shortage. it is overshipment.

MR. WOODS: It is overshipment.

MR. VAN ALLEN: Well, shipment of that kind, I suppose there would be a shortage in the elevator, wouldn't there?

MR. FARRIS: I didn't catch what you said.

MR. WOODS: Overshipment of 75,000 No. 1 Northern.

MR. FARRIS: What about that?

MR. WOODS: I say upon that point, Mr. Hetherington and Mr. Parker have evidently---

MR. FARRIS: Yes.

MR. WOODS: Well, they went into that, and the report given to me by Mr. Bathbone--they went into it for the purpose of saving us time here--they say that they cannot get any definite figure, they don't know upon what basis the statistician of the Board of Grain Commissioners made up his figures, that is to say he may have taken into account things that Mr. Parker says explain this difference; so we cannot get any further with that unless we have a "weigh-up". I mean to say, if we have a "weight-up", we will know what ought to be in the elevator, and what is in the elevator. We can have complete information that way, and I cannot deny that Mr. Coles is right when he says that it would be one important element in connection with the investigation into the matters that are in my friend's statement, and into the situation here, that the elevator be weighed up.

If that is to be done, I want to telegraph to Mr. White today, to catch him at Calgary, bring him back here, have the Board of Grain Commissioners communicated with so as to have their formal authority, which I have no doubt they would give, to "weigh-up" the elevator.

MR. FARRIS: I don't think we have got authority to give that--- we have to be directed by this Commission, we only have a "weighup" once a year. I don't think we have any

authority.

MR. WOODS: I think you can make a special "weigh-up".

MR. FARRIS: I don't think there is any authority in the Act.

MR. WOODS: Whether that is so or not, it would be---

THE CHAIRMAN: Well, there won't be any difficulty about that,

MR. WOODS: There won't be any difficulty about that. That is the position as it stands, sir.

MR. LUCAS: Mr. Chairman, as far as the trade is concerned, we know nothing of the shortage or overages, but we do endorse the proposition set out in Mr. Coles' letter, that in view of the trouble and expense which has already been gone to, the Commission should not have its work left partly undone simply by reason of the additional expense and trouble of having a "weigh-up". Now, it just so happens that shipping is light at the present time, so that if a "weigh-up", which would take three or four days, were done at once, it would be all right. There would be no serious impediment in the trade and the trade is in agreement; but if it were delayed for a week or so, before it was started, then it would be because in that time there is going to be quite a number of ships--there will be quite a number of ships going into the Harbour, and it would be a serious inconvenience; but, if done at once, the trade has no objection whatever to having it done.

THE CHAIRMAN: No objection, but do they want it done?

MR. LUCAS: Yes, we endorse--we think it is highly desirable that the work of the Commission should be completed in this way.

MR. FARRIS: Well, all I say, Mr. Chairman, if there is to be

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a "weigh-up", of course, we don't want any half "weigh-up" we want a complete "weigh-up" --not counting the costs of the work, as Mr. Coles suggests, if the trade take the responsibility upon themselves in tying up this port, probably for a week or two weeks, as I understand, maybe by a "weigh-up" under these circumstances that it will be, that is their responsibility.

MR. LUGAS: Well, my friend can't shoulder that responsibility on us.

THE CHAIRMAN: Will it take that time?

MR. WOODS: Four or five days, that is the best estimate we can get.

THE CHAIRMAN: Nobody can help that. Now, so far as the charges are concerned, Mr. Van Allen represents that operating from 31st August 1923 to March 7th, 1924, during which he points out that the figures would show an overshipment of No. 1 Northern of 232,000 bushels, and you tell me, Mr. Woods that after the evidence we had a few days ago, and the efforts made by these three gentlemen, Mr. Bathone, Mr. Parker, and Mr. Hetherington, is it?

MR. WOODS: Yes.

THE CHAIRMAN:--to explain the actual shortages of 70,000 bushels during that period, they cannot explain it.

MR. WOODS: There isn't any way that they can get it, and this question of the "weigh-up"--

THE CHAIRMAN: For that reason I think there out to be-- You can't get at the figures.

MR. WOODS: No.

THE CHAIRMAN: There ought to be a weigh-up in order to embrace that period.

MR. WOODS: Yes.

THE CHAIRMAN: On this question, since you mention it, I have had an opportunity of discussing it with my colleagues, Mr. McGibbon, and since the trade here are the ones who are likely to be inconvenienced, and they are parties to the application, I think we should have it.

MR. FARRIS: I was just going to ask----

THE CHAIRMAN: Yes?

MR. FARRIS: If my friend, Mr. Lucas is appearing for the whole trade, timber ships are also interested in this, and the larger ships---

THE CHAIRMAN: Mr. Lucas told us the other day whom he represents here, it is the Merchants' Exchange. When he makes a statement on behalf of his clients, we can only take it that he is speaking for his clients, the Merchants' Exchange. Now, ~~in~~ in that case, Mr. White is at Calgary, he can be brought here at once, I suppose.

MR. WOODS: Oh yes

THE CHAIRMAN: And we want to do this at once.

MR. WOODS: He can be here tomorrow night.

THE CHAIRMAN: Tomorrow night, all right then, you had better go ahead, Mr. Woods, and make all the proper arrangements.

MR. ARMOUR: No, I would like Mr. Van Allen to go on with Mr. Smith.

THE CHAIRMAN: Before you start, Mr. Armour, I want to get this. Mr. Woods, from what I hear from you, I think I can make this statement too, that in all probability the taking of this "weigh-up" will not delay our work here.

MR. WOODS: Oh no.

THE CHAIRMAN: Because we likely will be here anyhow.

MR. WOODS: Oh, we will be here anyhow, I would think that it is likely that we would be here in the taking of evidence, or certainly in considering the report.

THE CHAIRMAN: Well, of course, we will have to take their evidence after they are through.

MR. WOODS: Yes.

MR. FARRIS: It would mean probably about two weeks, as I understand, it will take two weeks.

MR. WOODS: Who do you understand that from, Mr. Farris?

MR. FARRIS: Mr. McLean mentioned that the other day when he was here--it would take two weeks.

MR. WOODS: Well, the best information I can get from Mr. Young and Mr. Hetherington, and the practical men in the thing, and Mr. Robertson--the practical elevator man, is that it would be from four to five days.

THE CHAIRMAN: Well, we will let it go at that.

MR. FARRIS: Well, if it is to be two weeks I think we should make it clear so that Mr. Fraser will understand, that is all I want to know. I am not objecting at all, in fact, I would be glad to have it.

THE CHAIRMAN: All right, it will go on.

MR. WOODS: Well, I don't know how long the evidence will go on, but I would expect it to go on at least that long, Mr. Chairman;

THE CHAIRMAN: Yes, well, all right.

MR. FARRIS: Here is that lease, Mr. Van Allen.

MR. WOODS: Now, Mr. Smith, there were a few questions I was going to ask you.

THE CHAIRMAN: Just a second, Mr. Armour wants to resume.

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MR. ARMOUR: I am referring to this ³plint of the ship
"W. B. Snyder".

MR. WOODS: May I make this statement. I am told by Mr. Snyder, when they are weighing up, they can just as well weigh into the boat as weigh into the bin, that is to say that it does not necessarily tie up the ship to have a weigh-up. You see, it is a question of the organization of it, so that when you take the grain out of the cars, and put it through on the elevators in charge of the "Weighing Department, there is no doubt of that but they could load the grain that comes in--they could load right direct into a boat, and then keep track of that, so that I don't think that it will really occasion any great amount of inconvenience.

MR. PARIS: Well, as I say, the trade is taking the responsibility for it.

MR. WOODS: Oh yes, no doubt about that.

THE CHAIRMAN: Yes, Mr. Farris, they asked for it.

MR. FARRIS: I will be glad to have it.

THE CHAIRMAN: All right. We will go on. Very well, Mr. Armour.

MR. ARMOUR: ~~Now~~ Mr. VAN ALLEN was kind enough to say that he would read to the witness the evidence given.

THE CHAIRMAN: Yes, that was in connection with--

MR. ARMOUR: The "Snyder".

THE CHAIRMAN: The steamship "Snyder", yes.

MR. VAN ALLEN: This is the evidence. Mr. Chairman, of Mr. Kennedy, the grain buyer of the Washburn Crosby Company at Buffalo before this Commission.

THE CHAIRMAN: What is the name again?

MR. VAN ALLEN: Mr. Kennedy.

THE CHAIRMAN: Oh yes.

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MR. VAN ALLEN: I have forgotten his first name.

MR. ARMOUR: W.B., I think

MR. VAN ALLEN: His full name is not given in the report, sir.

THE CHAIRMAN: That is all right.

MR. VAN ALLEN: The witness had just been giving his knowledge of the "Pollock" case, and then he proceeded as follows:

"What made us suspicious, the year previous we bought
"a cargo afloat, c.i.f. Buffalo, something we don't do
"unless we are forced to, and we didn't unload it until
"March of the following year. We bought it for No. 1
"Northern. It was about 300,000; it was on the "W.P.
"Snyder", and when we came to unload, it was unevenly
"loaded, some No. 1 and some No. 3 Northern. The average
"unloading we figured would be between 2 Northern and 3
"Northern; I would'nt care to say whether it was 2 or
"3 northern. 95,000 bushels of that was loaded at
"Davidson & Smith's house, the other part was loaded at
"The Empire, so we were on the alert.

"Q: Was it traced back?"

This question was asked by Mr. Commissioner Rutherford:
"Was it traced Back? A: Understand, we never
"made a complaint on this, because we didn't notice it---
"we had no inspection, and didn't notice it until the
"next year. As we inspected it into our own house, our own
"samplers noticed how it was running. In Canada, to get
"a survey, the unloading must be entirely under the
"supervision of Canadian Inspection Officials, and they
"have to seal the bins and be satisfied that the identity

"of the grain has been preserved.

"Q: Was there no inspection out? A: Yes, it carried
"Canadian No. 1 Northern certificate.

"Mr. Watts: The reason that Washburn-Crosby didn't appeal, that
"was because they didn't have it unloaded under the
"Canadian inspection here.

"The Chairman: No.

"By Mr. Commissioner Rutherford: Q: I quite understand
"that, but what I want to get at is, is it the Canadian
"Inspection out that is at fault there, or what is it?

"A: Yes, I would say it was the out inspection.

"By the Chairman: Q: The out inspection gave No. 1
"Northern. A: No. 1 Northern.

"Q: What happened to it eventually? A: We never protested
"or appealed.

"Q: What did it turn out to be? A: In ~~your~~ our opinion
"it would have graded either 2 or 3 northern. WE would have
"graded it No. 3, but perhaps an Inspector would have graded
"it No. 2.

"Q: That amounts to this, that you think the Canadian
"Inspection was careless or wrong? A: I do, yes.

"Q: Or do you think the wheat was adulterated after it
"was inspected by the Canadian Inspectors? A: I do
"not believe it could have been.

"By commissioner Rutherford: Q: It was unevenly unloaded?

"A: Yes, very unevenly. Some of the wheat was beautiful
"No. 1 Northern, and the other wheat was poor 3 Northern. Our
"average of the unloading would be a poor 3 Northern or a
"good 3 northern.

"Q. Did you trace it back to those two elevators?

"A: The Empire and Davidson & Smith.

"Q: You couldn't tell which it came from? A. No.

"Q: Have you ever bought from the Empire alone? A: Oh,
"yes.

"Q. What treatment did you get from them? A: I could
"not say, because most of our grain does not come from
"The Empire. That would only be in isolated cases.

Q: Do you know what has happened to the inspectors.

"Has anything been done? A: In the case of the 'Pellock'
"the Inspector~~y~~ was dismissed.

"By the Chairman: That was the last case.

"A: Yes in this other case it never came officially to
"the attention of the Canadian Government, for this reason,
"that we were suspicious--

"Q: The 'Pellock' was the first case? A. No, the
"'Pellock' is the case that we got the judgment on.

"Q. That is the first case you gave us? A: In the first
"case that I gave you, we were suspicious of the "Syder",
"but we thought it better to hold our peace."

What I suggest in my statement here, that is this
witness reported similar cases regarding a cargo received
by them from the steamship "W.P. Syder", in the fall of
1921. It was bought for No. 1 Northern, and upon un-
loading, it was discovered to be unevenly loaded, and
to contain wheat averaging between 2 and 3 Northern,
95,000 bushels, and that shipment was loaded out of the
Davidson & Smith elevator, the balance having come from
the Empire. The witness further stated that in the case
of the shipment of Aug at 28nd, on the steamship "Pellock"

the inspector was dismissed, which is a brief summary of the evidence given by Kennedy.

MR. ARMOUR: Well, I don't know, Mr. Chief Commissioner, that that calls for any explanation at all.

THE CHAIRMAN: Well, it is just as you like, Mr. Armour, It appears to be this--of course, in Buffalo you will understand, being in a foreign country, we have no power to take evidence under oath, all you can take is voluntary statements from people, and Mr. Kennedy's statement is given in that way. Now, he referred to the shipment of the 300,000 bushels, 95,000 of which came out of the Davison & Smith Elevator, the rest out of the Empire--that is right, isn't it--yes, the Empire Elevator. Well now, they told us that when they did come to look at this wheat and use it, in their opinion it wasn't No. 1 it was only fit to be graded between No. 2 and No. 3. possibly No. 2--more likely No. 3--in their opinion of course, not like the "Pollock" case, where there was an official inspection.

MR. ARMOUR: No survey.

THE CHAIRMAN: Where they are giving it, no doubt; all the proper care, or ought to be. Now that is all we know about it. It may be that all of that wheat that came out of the Empire Elevator was all right, or it may be that all the wheat that came out of the Davison & Smith was all right. As I say, offhand, all we know, you have heard the statement read. Now Mr. Smith can say what ever he likes about it.

MR. ARMOUR: Well, under these circumstances, I don't feel called upon to explain the matter at all. It seems to me,

as your lordship has stated---I have experienced it too in different in uries in this Province, that when you go to a foreign country to take evidence you are confronted with this difficulty that you cannot take it under oath, and there is no way of compelling the attendance of witnesses, or punishing them for contempt, or anything of that kind. Now, that is a statement, simply a statement, I don't know how far Mr. Smith--I don't think he is called upon to explain anything about it; but, as I understand him, he never heard of the matter, good bad or indifferent--and that, I think, is borne out by what the statement says, they say they never took the matter up further. Now, the truth of the matter about this I think, is neither here nor there, in view of the fact that there is no onus cast upon Mr. Smith, as far as I can see, to explain the situation.

THE CHAIRMAN: Well, you see, Mr. Armour, of course, in Buffalo, the very reason why we have a statement such as this is that we were endeavoring to find out any information. In the first place, were there any complaints against our Government Inspection Department or Grain Department. This is partly a complaint of that sort, you see. Those people, Mr. Kennedy said, now there is no doubt that they gave certificates showing this to be No. 1. He also said that he didn't see how the wheat could have been tampered with after inspection, and didn't think it was, therefore the fault that he suggested was in the Inspection Department. In the second place, we were endeavoring to find out whether or not there was any foundation for the rumors

prevalent, that Canadian grain was being mixed with American grain in Buffalo and points west of Buffalo.

MR. ARMOUR: Yes, quite so.

THE CHAIRMAN: And his answer to that latter was that he didn't think there could have been any mixture of that sort at all in Buffalo, or after it left the Government Inspection. Now that is why we asked the Government--you see, we went to that extent, we were not interested in going any further but since then Mr. Van Allen has brought out a great number of cases--or some number of cases, all of which show that in some particular or other the firm of Davidson & Smith has been the subject of complaints.

MR. ARMOUR: Quite so.

THE CHAIRMAN: Now this is one, I think no doubt this is one where part of this wheat at least was taken from their elevator. Now, it seems to me if I were Mr. Smith, I would be inclined to explain all I know about it.

MR. WOODS: I think this ought to be before you too, Mr. Chairman--you see, the difficulty that Mr. Smith is under is this, a number of these things--for instance the matter that you went into at Buffalo that you have been referring to--there you had before you the report of investigations made by the United States authorities into the question of the mixing of Canadian and American Grain.

THE CHAIRMAN: Oh yes, we had that.

MR. WOODS: You remember that?

THE CHAIRMAN: Yes.

MR. WOODS: Well, in that very report--

MR. ARMOUR: Well, that is not evidence here against Mr. Smith or anybody else

THE CHAIRMAN: No, that is not evidenced against him.

MR. WOODS: No, that is not evidence, but the point is that it has been before these same Commissioners before.

MR. ARMOUR: Well, I don't care anything about that, it is not evidence against Mr. Smith. What Mr. Kennedy said down there was tantamount to this, that the grain on the "Snyder" came down with a certificate of inspection and graded as No. 1 Northern. He says it couldn't have been tampered with down there, and he won't say whether it is No. 1 Northern or anything else, except he says he thinks it ought to be between No. 2 and No. 3. Now, is Mr. Smith called upon to answer in regard to that.

THE CHAIRMAN: Well, Mr. Armour, if you put it this way, for instance. If we were trying Mr. Smith for fraud, we will say, arising out of the shipment, and had only this evidence, we would have to acquit him, because we certainly could not--here are \$ 300,000 bushels of wheat, and only 95,000 out of his elevator, and no Government survey proved that the whole of it was not No. 1, as it purported to be, and so on; so you see, as far as that goes, there is nothing absolutely proven. But you see there is this accumulation of cases brought on by Mr. Van Allen, where, for some reason or other, Davidson & Smith came to be mixed up--

MR. ARMOUR: Well, I haven't heard of any accumulation.

THE CHAIRMAN: Well, we have the "Snyder", and we have the "Currie", now we have this one; and we may have more, I don't know.

MR. ARMOUR: Well, you have the "Snyder"--

THE CHAIRMAN: Now, as I say, we have heard these things bearing

on the point, and we were only too anxious, if Mr. Smith wishes to take advantage, to give him an opportunity to explain; but, as I say, he is not called upon--we don't call on him.

MR. ARMOUR: No, quite so, but I don't see yet why Mr. Smith should be called upon to explain anything in connection with that cargo on the "Snyder", except from this point of view, if it will assist the Commission in determining any question as to the mixing of grain in foreign ports, which perhaps--

THE CHAIRMAN: No, I am not investigating that now, Mr. Armour.

MR. ARMOUR: Well, then, I will ask Mr. Smith about this "Snyder" business. I understand from him he never heard of it. Of course, this is obtained from the statement of Mr. Kennedy--never heard of this question about the grade of this wheat.

Now, Mr. Smith, what do you say about this "Snyder" shipment? A: Well, I didn't know anything, as you have stated, about the "Snyder", until in this Court here a few days ago.

Yes, the first you ever heard of it. A: The first I ever heard of it. I wouldn't have any knowledge, in loading hundreds of boats, of course, while it wasn't brought to my attention, of course wouldn't remember anything--I wouldn't have any reason to remember it, only what I see from the information in the references there the "Snyder", if I remember correctly, takes out about 450,000 bushels--somewhere in that neighbourhood. That is her usual load, and these two shipments only amount to

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300,000, leaving about 150,000, and I don't know how that is explained. That is something that I can't see myself.

Q I think we could get evidence here to support me on the question of the capacity of the "Snyder"?

CHAIRMAN: Well, might not there have been wheat on the "Snyder" for somebody else? A: Yes, but--

In different holds? A: You can't tell how it would be taken out, if it was another cargo--

All right, but you see Washburn & Crosby took 300,000 of wheat on the "Snyder", now you say you never heard of it before? A: Never heard of it at all.

Q Well, you can't tell? A: Until I can here.

THE CHAIRMAN: Well, it is a fact, they say there is no complaint, that they were not satisfied.

MR. VAN ALLEN: They were not able to make a complaint because the unloading was not under the inspection department.

THE CHAIRMAN: I know they couldn't call for a survey.

MR. VAN ALLEN: No, they couldn't call for a survey.

THE CHAIRMAN: I mean to say they might have complained to their agents in Winnipeg or some place.

MR. ARMOUR: Now anybody could expect Mr. Smith to say anything about that thing now I can't see. It never was called to his attention or anything else.

THE CHAIRMAN: Well, do you know anything about the loading from your house on the "Snyder"? A: No, only in a general way.

I mean in this particular case? A: No, sir.

You don't know anything about it? A: No, sir

You see the inference from Mr. Kennedy's statement, that

instead of loading No.1 somebody loaded No. 2 or No.37

A Perhaps somebody did, but we didn't

You say you didn't? A: We did not.

MR. WOODS: Well, it was out of Hay's mixing house that the "Snyder" was loaded, was it--part of it?

THE WITNESS: Well, was it a mixing house at the time or was it--

MR. VAN ALLEN: 1921

MR. WOODS: It is 1921

THE CHAIRMAN: Mr. Van Allen brought that record up.

MR. WOODS: : You were operating as a mixing house then?

A Well, I don't know, You would know Mr. Woods.

Q Well, I really don't know but I think so?

A Well, I was in the terminal business, switched over two or three times, you see. I can't tell you that offhand.

Q In 1921, don't you know whether you were in the private terminal then? A: Well, I don't know whether in the regular private or public, to tell you the truth.

Q I don't think there is any doubt that you were in the mixing business then, because we had returns at the head of the lakes? A: Well, the mixing--

The mixing of grain? A: the mixing of grain is done in the regular private, and there is the private elevators you see.

Q Yes, I know A: Yes, I don't know---

I was wondering whether this "Snyder" shipment was a line shipment, too? A: Well, I would'nt say about that. You see I don't know anything about it, I wasn't there.

Q No? A: There was considerable grain you know--I am up in Winnipeg when the boats would be loaded, and they don't stop for me to load the stuff.

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MR. ARMOUR: Q: Now, Mr. Smith, I want to ask you one question.

There is a statement here in one of Van Allen's charges that the Pacific Construction Company has the contract for the construction of No. 2 elevator, is that correct?

A Not that I know of

THE CHAIRMAN: What is your question?

MR. ARMOUR: With regard to the contract for the construction of No. 2 elevator.

THE CHAIRMAN: What do you ask about it?

MR. ARMOUR: As a matter of fact, the Northern Construction Company are building No. 2 elevator.

THE CHAIRMAN: Oh, I see No. 2 elevator is not being built by the Pacific Construction Company.

MR. ARMOUR: The Pacific Construction Company--

A We have nothing whatever to do with it.

MR. ARMOUR: That is all I have got to ask you, Mr. Smith.

MR. WOODS: Q Now, Mr. Smith--

MR. FARRIS: Has Mr. Van Allen finished his cross-examination?

MR. VAN ALLEN: No, we might as well clear that up.

MR. FARRIS: Well, I would like him to go on and finish.

MR. WOODS: I haven't finished it.

THE CHAIRMAN: Q. Wait a minute. Is this No. 2 elevator being built by the Northern Construction Company?

A. The Northern Construction Company.

Q. Are you interested in that at all? A: No, sir.

CROSS EXAMINATION CONTINUED BY MR. VAN ALLEN:

Q Mr. Smith, you told me this morning that you had sold two cars of grain to the Canadian Grain Export Company?

A Yes.

Q Now, I think one of those cars came from Gull Lake. In

whose name was the warehouse receipt?

THE CHAIRMAN: Did he say it came from Gull Lake?

A. I didn't say Gull Lake; somebody else did.

THE CHAIRMAN: Mr. Farris said he thought it was from Gull Lake or some such place.

THE WITNESS: I didn't know it.

MR. VAN ALLEN: Q: I see. In that particular case, in whose name was the warehouse receipt?

MR. FARRIS: Mr. Abbott will give you the information on that, Mr. Van Allen.

A Well, I--

MR. VAN ALLEN: I am just asking the witness if he remembers.

THE WITNESS: I don't remember.

Q You don't remember? A: I didn't pay any attention. That is where the, are supposed--in quantities.

Q Do you remember if a consignment was shipped to you for the Canada Grain Export Company? A: I think, I think it was; I am not certain of that.

Q Yes, and you sold another car of grain. Where did that come from? A: I guess it came from some farm.

Q Mr. Smith, we are not advancing this thing any by evading questions. I am just asking you a plain question, where did that grain come from?

A I am just going to answer you plain, I don't know.

Q Well, just say so? A: Well, I will tell you now.

Q All right. In whose name was the warehouse receipt?

A I don't know.

Q The original shipping? A: I don't know who it was.

MR. FARRIS: Better call Mr. Macdonald who was interested in that cargo.

MR. VAN ALLEN: Q: Now, Mr. Smith, I have here the lease of the Terminal Grain Company, between the Vancouver Harbour Commissioners and the Terminal Grain Company dated 19th July 1923.

MR. FARRIS: Now, Mr. Chairman, I would like to know--I asked this morning as to what my friend is proposing to prove so we will know where he is going.

THE CHAIRMAN: He is on this lease now..

MR. FARRIS: I produce the lease. Not the lease that is out of existence, if my friend wants to go on with the lease, why I would like to know just what his object is in bringing it in, because I think the time has come when we must surely know what direction we are going in, so that if we are going outside these contracts--they are so vague, and it is rather difficult to follow them--but if we are going to bring in new things we want to know, and we want the purpose in advance of the charges Mr. Van Allen is making and I think, as I said before, they should be made very specific.

MR. VAN ALLEN: I gave my reason this morning, Mr. Chairman.

MR. FARRIS: But it was about cargo rates, and then when the Chairman questioned you more about it you repudiated it.

MR. VAN ALLEN: No, I didn't do anything of the kind, I said the reason I wanted to bring up the matter of this lease was that I understood that at the time the lease was granted the present witness was a director of the leases, that is the reason for mentioning--the only reason that I know of at the present time for mentioning this--

THE CHAIRMAN: Yes, I know, you asked the witness yesterday what relations he had--had business connection with the

Harbour Commissioners, and he said--I think he said he had done.

MR. VAN ALLEN: He had none personally.

THE CHAIRMAN: Or the Pacific Construction Company. Now you also want to show that he had some relations to the Terminal Elevator.

MR. VAN ALLEN: Yes, the same matter.

THE CHAIRMAN: Alright

MR. VAN ALLEN: The same matter exactly.

MR. FARRIS: I would like to know what wrong my ~~xxx~~ friend is suggesting in this thing.

THE CHAIRMAN: We have to find that out.

MR. FARRIS: I think we should know.

THE CHAIRMAN: We have got the lease, Mr. Farris.

MR. FARRIS: Yes.

THE CHAIRMAN: We have it now and it shows so far some sort of contract in the lease between the Terminal Elevator Company and the Board of Harbour Commissioners.

MR. FARRIS: That is very true--

THE CHAIRMAN: Then we also have in evidence that Mr. Smith was a director, and a member of the Terminal Elevator Company. Is that the name of that now?

MR. FARRIS: Yes, I understand that, but what I am getting at is this, Mr. Van Allen, must have some object in bringing this in, must in other words be alleging some kind of wrong doing in connection with the lease.

MR. VAN ALLEN: I explained that this morning.

THE CHAIRMAN: Yes, he stated that this morning, that he just wanted to show the particular business relationship

MR. VAN ALLEN: Certainly.

THE CHAIRMAN: And I think he also went on to say--Well he said he hadn't seen it yet, but I think he wanted to show the consideration under which the lease was undertaken, in view of the price paid for the site. He said that.

MR. FARRIS: I will be very glad to call Mr. Sifton on that point.

MR. VAN ALLEN: We are only speaking of the one lease

MR. FARRIS: Of that first lease

THE CHAIRMAN: Now we have that lease, are you going to cross-examine Mr. Smith on it?

MR. VAN ALLEN: No sir, but on the terms of the lease at the present time. I just want to ask one question, that is all.

THE CHAIRMAN: One question?

MR. VAN ALLEN: I think that will end it.

THE CHAIRMAN: Well, what is it?

MR. VAN ALLEN: Q: Mr. Smith, on the date of the giving of this lease by the Harbour Board to the Terminal Grain Company, were you a director of the Terminal Grain Company?

THE CHAIRMAN: What is the date?

MR. VAN ALLEN: the 19th July 1923.

A. Yes I was.

Q. You were a director? A. Yes.

THE CHAIRMAN: July 19th 1923?

MR. VAN ALLEN: Yes sir, July 19th, 1923.

THE CHAIRMAN: Yes

MR. VAN ALLEN: Q: And who were the other directors at that

time? A Well I think Mr. Gale was a director.

Mr. Gale was President? A: President, yes.

Yes, and who else were directors besides you? A: Oh I don't know.

And Mr. Gale? A: Who were the other directors?

could it be Mr. Freed and Mr. McCulloch? A: It might be anybody.

You don't remember whether Freed and McCulloch were on the Board then or not? A: Well, I don't think so.

Q You don't think so? A: No.

I see.

THE CHAIRMAN: Well, it is easy to find out who were the directors of the Company on that date?

THE WITNESS: Yes.

MR. FAHRIS: Don't you know?

MR. VAN ALLEN: No I haven't it because the return hasn't been made. That is the reason I am asking this witness. On the 31st March, according to information I received from Ottawa, the directors were John Russell Smith, of Port William, B.J. Ostrander, of Winnipeg, C.F. Freed of Winnipeg, Michael McCulloch of Winnipeg, and C.F. Freed of Winnipeg. I am just asking the witness—there are no returns made according to my information since that date.

THE CHAIRMAN: March of what year?

MR. VAN ALLEN: March 31st 1923. There were no returns made during the year 1924. I just want to ascertain from this witness who were the other directors besides himself on the 19th July 1923.

THE CHAIRMAN: If he knows he ought to tell you.

MR. VAN ALLEN: Q: You don't know, Mr. Smith?

A: I don't know.

THE CHAIRMAN: Q: Well, who does know, Mr. Smith?

MR. VAN ALLEN: Q: Mr. Freed would know, would he not?

A: No, I imagine the only man that know is Mr. Gale.

THE CHAIRMAN: Q: And the books of the Company would show?

A: The books, yes, he has them

MR. VAN ALLEN: Q: Mr. Gale has the books? A: Yes.

Yes: now, Mr. Smith, were you a director of the
Vancouver Terminal Grain Company at any time? A: No.

That is the new Company? A: Never had any interest
in it

THE CHAIRMAN: Director of what?

MR. VAN ALLEN: Of the Vancouver Terminal Grain Company.

THE WITNESS: The Vancouver Terminal Grain Company.

MR. FARRIS: Never had anything to do with it.

MR. WOODS: Was this lease practically surrendered?

MR. FARRIS: Yes, the lease was practically surrendered.

MR. WOODS: Did the Terminal Grain Company surrender this
lease?

THE CHAIRMAN: Just a minute, we are not through with this.

MR. FARRIS: Q: Yes, Mr. Woods.

THE CHAIRMAN: That is all you are going to ask about that
lease of the Terminal Grain Company?

MR. VAN ALLEN: I beg your pardon?

THE CHAIRMAN: Is that all you are going to ask about that
lease.

MR. VAN ALLEN: No, from I was going to ask him what happened
to it.

THE CHAIRMAN: Alright.

MR. VAN ALLEN: : This lease was surrendered Mr. Smith?

A Surrendered?

Q Yes, surrendered to the Harbour Board? A: Certainly, it was.

Q Yes, why? What for? A: Well--

MR. FARRIS: Mr. Gale knows that. Mr. Gale is the man who knows all about it.

A Yes, Mr. Gale is the party, yes.

MR. VAN ALLEN: Well, I was asking what Smith knows, He is a director.

A Yes, but I didn't have anything to do with the making of the lease, or anything to do with the lease at all, not a thing. Mr. Gale did all that.

Q Yes? A: Never negotiated, had nothing to do with it.

. Can you tell me if any agreement was entered into between the Terminal Grain Company and the Harbour Board, at the time of the surrender of this lease?

MR. FARRIS: There was, I can tell you that.

MR. VAN ALLEN: There was an agreement?

MR. FARRIS: It was surrendered.

MR. VAN ALLEN: It was an agreement to surrender the lease.

Is that right, Mr. Smith? A: Yes.

Q And why was it surrendered? A: The lease surrendered?

Q Yes? A: Well, that was asked last night.

MR. FARRIS: Now, Mr. Chairman, I suggest Mr. Smith knows nothing about that.

THE CHAIRMAN: I know, but he undertakes to answer, he is a director of the Company, and Mr. Allen asks why the lease was surrendered, he starts to answer, perhaps he does know.

MR. FARRIS: Well, possibly he does, but I think Mr. Sifton and Mr. Gale--they are both interested, Mr. Gale is president of the Company, Mr. Van Allen is the man who made the suggestion that he was not making any reflection against this Company, now I would judge that he is going to make some suggestion.

THE CHAIRMAN: No, no, we haven't come to that.

MR. FARRIS: Well then, I suggest he shouldn't be asking questions which are throwing reflections upon a new Company coming in here.

THE CHAIRMAN: Mr. Farris, I don't follow you there. We are dealing only now with this first lease of the Terminal Company, and that is surrendered.

MR. FARRIS: Yes

THE CHAIRMAN: Now that is all, we are not talking about anybody else whatsoever. Now if Smith is not able to answer that and Mr. Gale is, why of course there is not much use of pursuing Mr. Smith very much further. IT is the Company you want to find out from.

MR. VAN ALLEN: Yes.

THE CHAIRMAN: Only as a director of the Company you are asking him now?

MR. VAN ALLEN: That is all.

THE CHAIRMAN: Well, he doesn't know, and some other director does. We had better get the other director; but he started to answer that question, ~~and~~ nevertheless, perhaps he does know.

MR. VAN ALLEN: Yes.

Q. Will you answer, Mr. Smith? A. I don't know.

MR. VAN ALLEN. I think my friend ought to inform your

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lordship and the Commission what were the terms of this lease.

THE CHAIRMAN: We are going to find that out.

MR. FARRIS: It is here.

THE CHAIRMAN: We are going to find out right now. How we have it, Mr. Van Allen.

MR. VAN ALLEN: 21 years at a yearly rental of \$4400.00 apparently.

THE CHAIRMAN: Just a minute now.

MR. VAN ALLEN: 21 years from the 1st of August at a yearly rental of \$4400.00

THE CHAIRMAN: Now let us have the lease, let us have the terms of the lease, Mr. VAN ALLEN;

MR. VAN ALLEN: Well, this is quite a long document, sir.

THE CHAIRMAN: WELL, I know, but let us have the terms.

MR. VAN ALLEN: The Vancouver Harbour Commissioners lessors of the first part, and the Terminal Grain Company, Limited, a body corporate under the laws of the Dominion of Canada, of the second part lessees. The land concerned is Lot 1, Block 1, Subdivision B.

MR. ARMOUR: WELL he need not describe it.

MR. VAN ALLEN: District Lot, and so on.

MR. FARRIS: It is only taking up more time.

MR. VAN ALLEN: There is a long description here. The term of the lease is 21 years from August 1st 1923, the rental is \$4400.00, payable August 1st in each year

MR. FARRIS: In advance.

MR. VAN ALLEN: In advance.

THE CHAIRMAN: Alright, what else

MR. VAN ALLEN: The lessee agrees to erect an elevator to be

started within six months and to be completed within
two years at a cost of half a million dollars. I might
say, sir, this is the first time I have seen this
document, and it is difficult to summarise it for the
[REDACTED]

MR. FARRIS: I might say that Mr. Sifton can probably summarise
it. From what he told me at lunch time it was that the
lease was in such onerous terms--

THE CHAIRMAN: Now Mr. Farris, we don't want Mr. Sifton's
evidence in that way. He ^{can} come here and give it.

MR. FARRIS: Well, you are getting a lot of other suggestions,
we might as well get the real ones out.

MR. WOODS: There is something about the conveyer there.

MR. VAN ALLEN: I didn't see that.

MR. WOODS: Now, is that the same property? That is the lease
of the Vancouver Terminal Grain Company.

MR. FARRIS: No, it is only part of it.

MR. WOODS: It is one part of it?

MR. FARRIS: It is a different part of the property now, it
is changed.

THE CHAIRMAN: He, but maybe we will get the real facts on
that lease if we have Mr. Gale come here and turn the
lease up.

MR. VAN ALLEN: I don't think Mr. Gale is here this afternoon,
Yes, he is here.

THE WITNESS: Yes, he is right here.

MR. VAN ALLEN: Well, I am willing, if he be, if Mr. Smith
wishes to step down.

THE CHAIRMAN: WE will deal with these things as we come to
them. You can step aside, Mr. Smith.

MR. WOODS: Just step down for a moment, Mr. Smith.

R. H. GALE, SWORN:

EXAMINED BY MR. WOODS:

Q. Mr. Gales, you have been referred to by the last witness as being -- is it president of the Terminal -- what is the name of the Company?

THE CHAIRMAN: The Terminal Grain Company.

MR. WOODS: The Terminal Grain Company.

A. I don't know what references he made to me, but I am President of the Terminal Grain Company.

Q. Yes. And there was a lease given by the Vancouver Harbour Commissioners, and which has been put in here, to your Company, dated --

MR. ARMOUR: 19th, July.

MR. WOODS:

Q. 19th, July, 1923, of certain property which, according to the information that has been given me, was included in a subsequent lease by the Harbour Commissioners to the Vancouver Terminal Grain Company, after your Company had surrendered its lease. Did your company surrender its lease to the Vancouver Harbour Commissioners?

A. I don't think so.

Q. Well, is that lease still in force? A; It is not.

Q. Well, what happened to that lease? A: I think it simply went by the boards.

Q. Well, how do you mean, it went by the boards?

A. I am not very sure -- there was some suggestion on the part of our solicitor that a transfer should be made and a surrender made, but I am not sure that that ever happened, A new lease was entered into with the Harbour Board by the

Vanvouver Terminal Grain Company, and not the Terminal Grain Company.

- Q. Yes, but this lease that was made on the 19th. of July, 1923, that would be last July? A: Last July.
- Q. And it called for payment of \$4400.00 in advance on the 1st. of August in each and every year during the term. Did you pay any \$4400.00 on the 1st. of August last? A: We paid \$4400.00 on the 1st. of August, 1923.
- Q. Well, then, that paid you up to the 1st. of August, 1924 -- the next 1st. August? A: Yes, it is paid to the 1st. August, 1924, but, as a matter of fact, when we got to the point of taking possession of the land, for which we had paid the rental, we found that the land was not ready for occupation, and I approached the Harbour Board and made representations along that line, and had them refund to me six months of that rental, they undertaking to have the land ready for delivery by the 1st. of January.
- Q. Well, that would be, the land ready for delivery to your company? A: Ready for delivery to our company on the 1st. of January.
- Q. Your lease was still in force? A: The lease was still in force.
- Q. The lease was still in force, and then, by the 1st -- they were to give you possession by the 1st. of January? A: The 1st. of January.
- Q. Because the land was not in shape to be -- just wait --
- A. That is correct.

Q. -- taken possession of -- what was the matter with it?

A. They had a lot of old building and machinery and things of that kind.

Q. Oh, I see. A: And the land was not cleared.

Q. Not cleared, and it was up to them to take these off?

A. Up to them, yes.

Q. To give you possession? A: They had a lot of valuable machinery and stuff there.

Q. In the meantime, they gave you a half year's rental back? A: A half.

Q. And then, on the 1st, of January, what happened?

A. Before the 1st, of January, we had negotiated this new lease.

Q. Who do you mean, we? A: We the Vancouver Terminal Grain Company.

Q. Oh, you are the Vancouver Terminal Grain Company?

A. I am the Vancouver Terminal Grain Company -- a portion of it.

Q. Oh, I see. Is the Vancouver Terminal Grain Company a sort of successor to the Terminal Grain Company?

A. The Vancouver Terminal Grain Company purchased from the Terminal Grain Company the lease, or all rights it had to a lease with the Harbour Board.

Q. Oh, I see. A: And entered into negotiations with the Harbour Board.

Q. I see, the Vancouver Terminal Grain Company, which was composed of just the same people -- A: Right.

Q. -- purchased from this Terminal Grain Company that we have been hearing of all their rights under this lease?

A. Yes.

Q. What was paid them for it? A: That is, the Company?

Q. What did you pay them for it? A: Yes, we paid them.

Q. Some money, substantial -- A: Yes.

Q. Did you pay something substantial for the rights under that lease? A: Yes.

THE CHAIRMAN: Q: What was it? A: A hundred thousand in paid up capital shares in the Vancouver Terminal Grain Company.

MR. WOODS: Q. A hundred thousand paid up capital shares in the Vancouver Terminal Grain Company? A: Yes.

Q. That is, that hundred thousand dollars in paid up shares in the property of the Terminal Grain Company?

A. Well, it was the property of the members of the Terminal Grain Company.

Q. Yes. Well, now, is it still the property of the Terminal Grain Company? A: Well, it was paid to the members of the Terminal Grain Company by way of bonus, it was a profit --

Q. Divided up? A: A profit they had made on their dealings, and \$100,000.00 was paid to the shareholders of the Terminal Grain Company.

Q. I mean, it was divided up amongst the various shareholders (rs?)

A. Pro rata as to holdings.

Q. Pro rata as to holdings? A: Yes.

Q. You got some, Mr. Smith got some? A: that is correct.

Q. Everybody else -- there were how many shareholders of the Terminal Grain Company? A: Of the Terminal

Grain Company, I think five.

Q. Five? A: Yes.

THE CHAIRMAN: Q: Mr. Smith got some?

MR. WOODS: And Mr. Smith got some.

THE CHAIRMAN: I thought Mr. Smith told us --

MR. FARRIS: No, they had no interest in that.

THE CHAIRMAN: Then he was not a shareholder?

MR. FARRIS: But that is not what Mr. Smith tells us.

THE CHAIRMAN: Q: Now, you say Mr. Smith --

A. I have not been asked the question, Mr. Smith has any interest in the Terminal Grain Company. When I am asked that question, I am prepared to answer it.

MR. WOODS: Q: Well, I have got it from you, I thought I was right, perhaps I am wrong, and that is, that when the Vancouver Terminal Grain Company took this lease over, they gave a hundred thousand of their paid up capital stock to be divided between the shareholders of this Terminal Grain Company, one of whom was Mr. Smith?

A. The Vancouver Terminal Grain Company had no way of knowing what was to be done with the stock which had been paid to the Terminal Grain Company.

Q. No, no -- A: The Terminal Grain Company alone had the disposition of that stock.

Q. Then, the paid up stock was issued to the Terminal Grain Company? A: To the Terminal Grain Company.

Q. I see, as it naturally would? A: Naturally.

Q. Because it was turned over? A: Naturally.

Q. It was the Terminal Grain Company that divided that stock amongst its shareholders? A: Quite correct.

- Q. Now, did it, in making the division among its shareholders, did it give any of that bonus stock to Mr. Smith? A: It did.
- Q. Who was one of the five owners of the Terminal Grain Company? A: Right.
- Q. And one of equal owners with some others -- A: No, no.
- Q. Did he have a substantial interest? A: He did.
- Q. I see. Did he have a majority of them? A: He did not. It might be well, Mr. Woods -- if I might, Mr. Commissioner, at this time, explain --
- Q. You see --
- MR. FARRIS: Let him explain.
- MR. WOODS: Q: Mr. Smith told us he did not have any connection with that firm. A: I am not concerned with what Mr. Smith said, I am here to tell you, and tell the Commission, what are the true facts in connection with the Terminal Grain Company, the Vancouver Terminal Grain Company, and anything else you may ask me that is put that way to this Commission. My belief, Mr. Chairman is this --
- THE CHAIRMAN: Q: Before you go on, pardon me, the last question you were asked, what was the nature and size of Mr. Smith's interest in the Terminal Grain Company?
- A. If my memory serves me correctly, Smith held forty-eight per cent of the stock of the Terminal Grain Company.
- Q. I see. A: Now, in connection with the Terminal Grain Company, I might mention that, following my visit to Ottawa as a delegate from the City of Vancouver, in two company with other gentlemen, sent there for the

purpose of securing from the Government a vote of money for the purpose of developing the harbour, I conceived what I supposed was a fairly brilliant idea, that of interesting private interests in the development of our port; realizing that in order to do what I had in mind I must form a company, I started to work to do that. Mr. Smith informed me that he had an old charter, known as the Terminal Grain Company, which he would be very glad to hand over to me, and which I might use for the purpose of carrying on my negotiations and save an amount of money involved in the incorporation of a new company. I accepted Mr. Smith's offer, provided I had the control of that company. Mr. Smith retained a certain amount of stock in the company until such times -- by an understanding -- until such times as I had completed my arrangement for the construction of an elevator, and had carried out a contract which I had entered into with Mr. Davidson, and through Mr. Davidson, Mr. Smith, relative to the payment for plans and specifications in connection with the building which I proposed to try and have erected by private interests. The understanding we had being, that the amount I had fulfilled that contract and repaid him through Mr. Davidson, Mr. Smith -- and had repaid Mr. Davidson for the work they had done in preparing the plans and specification, then that stock was to be relinquished to me. All of which was done, so that today I want to state, sir, --

Q. Pardon me, relinquished, was it for any consideration?

A. I beg you pardon, sir.

Q. Relinquished to you for a consideration?

A. No, the consideration being that -- perhaps I had better explain this again. I found as my work of organizing this company -- or, at least, arranging matters so that we could build a private elevator, I found that it would be necessary for me to have plans and specifications, something we could go to someone with and say "Here is a building; here are plans and specifications of a building it is suggested should be built." I went to Mr. Davidson, whom, I understood, to be an engineer, one capable of designing an elevator, and I said "Will you enter into an arrangement with me whereby if the elevator is built and you build it, there is no charge for the plans, and specifications. If the elevator is built, and you don't build it, you will be paid the usual engineering fees for plans and specifications. If the elevator is not built at all, I don't owe you anything." That kind of arrangement was entered into. Until that agreement -- and the agreement was drawn somewhere about the 18th, of July -- until that agreement was accepted by the parties who had furnished the money for the elevator, Mr. Smith was to hold forty-eight per cent or forty-nine per cent of the Terminal Grain Company's stock but, the moment that stock was signed, or that agreement which I entered into with Davidson was accepted by the people who were going to have the money to build the elevator, then his interest in the Vancouver Terminal Grain Company ceased, the stock would be handed to me and I was the sole possessor of one hundred per cent of the stock.

- MR. WOODS: Q: Well, then, that was all done and accomplished and the arrangements looking towards this matter were all adjusted between you and Smith prior to this lease being entered into. A: I don't follow you.
- Q. Prior to it ever being entered into, this lease of the 19th, July? A: Yes, sir.
- Q. So that you had all this arranged for beforehand?
- A. Quite right, that is right.
- Q. Now, did you tell the Vancouver Harbour Commissioners about it? A: About what?
- Q. About your arrangements with Mr. Smith of the Terminal Grain Company? A: I did not.
- Q. You did not? A: I did not.
- Q. You, the Terminal Grain Company, had come to the Vancouver Harbour Commissioners and made this lease so that you could turn it over to somebody else, and then get the stock in that company, a hundred per cent of the stock in that company issued to you for the consideration of turning this lease (presumably a valuable lease) over to the Vancouver Terminal Company?
- A. Well, when I approached the Vancouver Harbour Board with regard to a lease, I was working along an entirely different line to the line I finally adopted, by which the money for the erection of the elevator was to be secured. I approached the Vancouver Harbour Board for a lease of that portion of the land -- in the first instance the idea was to build an elevator with a capacity of one million bushels. The idea was that we would build the one million bushel elevator on this portion of land.

We went to the Vancouver Harbour Board and made the proposal to them, and they accepted it.

Q. Yes. But, at the time that you got this lease from the Harbour Board, on the 19th. of July, you had, as you have told us, arranged it with Mr. Smith --

A. Yes.

Q. -- to turn the least -- you were to get the lease in the name of this old charter that he had, the Terminal Grain Company, Limited, who were simply to be a conduit pipe to hand it over to the Vancouver Terminal Grain Company? A: No.

Q. Or somebody --

MR. FARRIS: No, he didn't say that.

THE CHAIRMAN: No.

A. No, no, I don't think I said that, Mr. Woods.

THE CHAIRMAN: No, I don't think he has come to that yet at all.

THE WITNESS: as a matter of fact, I want to make it just the opposite of that, it may, Mr. Chairman.

MR. WOODS:

Q. Well, then, I misunderstood you. I understood that is what you said, that it was prior to this date, the 19th. of July, 1923, that you and Mr. Smith had arranged for the whole of the details of this plan, whereby in the net result you were to get the whole of the stock issued on a consideration granted to this new Company --

THE CHAIRMAN: No, no, I did not understand that. I understood him to say this, that Mr. Smith was to retain -- Mr. Smith had the old charter.

MR. WOODS: He had the old charter.

THE CHAIRMAN: And his associates and he handed it over to these new people, but retaining forty-eight percent of the stock in it, and retaining that forty-eight percent until such time as a contract would be made for the erection of an elevator on the site, whereupon forty-eight percent of the stock in the Terminal Company -- the Terminal Elevator --

MR. WOODS: Yes.

THE CHAIRMAN: -- would go entirely to Mr. Gale and his associates, and Mr. Smith dropped out.

MR. WOODS: Quite true, and go to Mr. Gale and his associated.

THE CHAIRMAN: Yes.

MR. WOODS: Equally, the shares of the Vancouver Terminal Grain Company, of which that forty-eight percent would carry --

THE WITNESS: Mr. Woods, I never made any such statement. You know I didn't.

MR. WOODS: Q: I thought that is what you said.

A. I will tell you now, so that there won't be any misunderstanding further about it. I want to tell you now that the question of the Vancouver Terminal Grain Company never occurred to me, never was suggested, never was thought of until the month of December, 1923.

Q. Well, just let us get it right, then. I misunderstood you. A: I think I put it pretty clear right now.

Q. No -- well perhaps you have, but you did not put it so I understood it in the same way you understood it.

A. I see.

Q. There was forty-eight percent of this company -- of

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this Terminal Grain Company owned by Smith, and if an elevator was put up by yourself, or some new company that you got interested in --

THE CHAIRMAN: No, not by a new company.

MR. WOODS: Well, but, an elevator was to be put up by a company --

A. If this elevator was put up.

Q. Yes, was put up. A: And if the contract I had entered into with Mr. Davidson was lived up to?

Q. Yes, was lived up to? A: Yes.

Q. Whereby the Pacific Construction Company got the contract of putting it up? A: No, pardon me, whereby Mr. Davidson would be paid for the plans and specifications which he prepared.

Q. Yes. A: At the rate of five per cent of the cost of the building.

Q. Yes. A: The moment I had shown my good faith in the entire matter and had carried out that arrangement, then Mr. Smith was to relinquish his claim on the Terminal Grain Company.

Q. And the forty-eight per cent of the Terminal Grain Company? A: And, for four months after that -- or three months after that, at least, there was no thought of the Vancouver Terminal Grain Company.

THE CHAIRMAN: Q: You say the elevator was to be put up, put up by whom? A: By anybody. If I went out, Mr. Chairman, and raised the money with which to build an elevator, a one million bushel elevator, which was first contemplated, I had succeeded in doing that, and

the company or people from whom I raised this million dollars had accepted the contract which I entered into with Davidson, by which I was to pay him five per cent for the cost of the plan and specifications, or --

MR. WOODS: Q: Give him a contract? A: Give him the contract.

Q. In which case, he would be paid? A: Or if the building didn't go on at all, then the arrangement was to stand.

THE CHAIRMAN: Q: Was there any thought of the building being built by the Terminal Grain Company itself?

A. Yes, sir.

Q. Under that name? A: Yes. I would like very much to explain that. The thought in the beginning was this, that the Terminal Grain Company would be able to raise sufficient money locally perhaps, or elsewhere -- in fact, I had negotiations on elsewhere, so that you could go to Minneapolis, go any place, and raise seventy-five or eighty per cent by way of bond issue, as is done, I understand, in the case of many elevators erected in Canada. The first thought was that of issuing -- having a bond issue for seventy or seventy-five per cent of the total cost of the elevator, the balance to be raised by way of capital stock or shares.

MR. WOODS: Q: Now, Mr. Gale, when this Terminal Grain Company passed its rights on to the Vancouver Terminal Grain Company, there was a hundred thousand dollars worth of paid up stock in the Vancouver Terminal Grain Company handed to the Terminal Grain Company?

A. Correct.

Q. Now, you told me, I think, that that was distributed among the five shareholders of the Terminal Grain Company? A: Correct, correct, who immediately assigned the stock to me.

Q. Who immediately assigned the stock to you?

A. Who immediately assigned one hundred per cent of it to me.

Q. That, apparently, was Mr. Smith's --

A. Mr. Smith and everybody else assigned all their stock to me.

Q. Assigned all their stock in the Vancouver --

A. The Terminal Grain Company to me.

Q. The Terminal Grain Company --

MR. FARRIS: No, the Terminal Grain Company.

THE CHAIRMAN: Pardon me a minute. What is that last question?

MR. WOODS: Mr. Smith and the other members of the Terminal Grain Company immediately upon the stock in the Vancouver Terminal Grain Company being assigned to them, as a result of this transfer, assigned that stock in the Vancouver Terminal Grain Company to Mr. Gale.

THE CHAIRMAN: That is all --

MR. WOODS: All of their interests, so that Mr. Smith, who owned forty-eight per cent of this company assigned --

THE CHAIRMAN: Yes.

MR. WOODS: Assigned a forty-eight hundredth part of one hundred thousand dollars worth of stock in the Vancouver Terminal Grain Company to Mr. Gale.

THE CHAIRMAN: Well, That was in pursuance of his original

agreement.

MR. WOODS: Of his original agreement

THE CHAIRMAN: He was only holding the forty-eight per cent of the stock until this company showed signs of life.

MR. WOODS: Yes.

THE CHAIRMAN: Until the buildings were erected, and so on, and then he was dropped out.

MR. WOODS: No, Mr. Chairman, you may have misunderstood me and the witness too, but that is precisely what I understood I mentioned a little while ago, that this forty-eight per cent that Mr. Smith had, the arrangement was that he was to deliver it up to Mr. Gale --

THE CHAIRMAN: Yes.

MR. WOODS: -- upon Mr. Gale completing these negotiations with these people or with the company which would put up an elevator.

THE CHAIRMAN: Yes, with anybody, he said.

MR. WOODS: Yes, under the circumstances that he said, as well as whatever that forty-eight per cent carried.

THE CHAIRMAN: Q: Then, as I understand it, the time might have come for the Terminal Grain Company itself to have built an elevator or let contract to build an elevator? A: Correct.

Q. Or be given to anybody in some way? A: Yes.

THE CHAIRMAN: Whatever happened, as long as Davidson and Smith's plans were accepted and the contract let, then they dropped out of the Terminal Grain Company. That is as I understand it.

MR. WOODS: Yes, that is what it comes to.

THE CHAIRMAN: Q: Now, that was secured by this Vancouver

Terminal Elevator Company? A: That is correct, sir.

Q. Taking over the rights which the first company had under this lease with the Harbour Commissioners?

MR. WOODS: Yes, and giving a contract to the Pacific Construction Company for the construction of its elevator.

THE CHAIRMAN: Yes, exactly.

THE WITNESS: Which they did not do.

MR. WOODS: Well --

THE CHAIRMAN: Well, before you go any further, we want to know here just one thing.

Q. Mr. Gale, when did you say that you acquired an interest in the Terminal Grain Company? A: In the Terminal Grain Company -- oh, back in May or June.

Q. Of what year? A: 1923.

Q. Not prior to that? A: Oh no, oh, no.

Q. There has been a misunderstanding. Dr. McGibben thought he had understood Mr. Smith to say that you were a director of that company from its origin in 1917.

A. As a matter of fact, I knew nothing whatever concerning the Terminal Grain Company. Mr. Smith had this old Dominion charter --

MR. WOODS: It may have been the other Gale.

THE CHAIRMAN: Oh, there is another Gale.

MR. VAN ALLEN: Oh, no, this lease is signed by Mr. Gale as president.

THE CHAIRMAN: We are not talking about that at all, Mr. Van Allen.

MR. WOODS: Before that.

THE CHAIRMAN: We are talking now about July.

MR. WOODS: Of the charter of the Terminal.

MR. FARRIS: Mr. Van Allen read the list of the directors on file in 1923 which shows Mr. Gale.

THE WITNESS: No, it was represented to me here as Dominion charter, which I might say --

MR. WOODS: That is as I understand it.

THE WITNESS: If it is any good to you, take it, and it will save you incorporating a new company.

THE CHAIRMAN: I see.

THE WITNESS: And I took it.

THE CHAIRMAN: Q: Now, then, you were on Mr. Woods to the time when the Vancouver Terminal Elevator Company took over all your rights to the site?

A. Yes.

Q. And gave you one hundred thousand dollars worth of paid paid up capital shares.

MR. WOODS: Yes.

THE CHAIRMAN: Q: Which were to be distributed among the shareholders of your Company?

A. Which was distributed.

Q. Five in number? A: Which were distributed.

Q. Which were distributed? A: Yes, sir.

Q. And whereupon Mr. Smith handed in -- A: in accordance with our verbal arrangement, handed it back to me immediately.

Q. So that today he has no interest? A: No interest of any kind other than the interest he may have with Mr. Davidson, our contractor, and not the Pacific Construction Company, for the construction of the building.

MR. WOODS: Q: Well, wasn't that arrangement made?

A. The contract, I say, was not with the Pacific Construction Company.

Q. Oh, I see. A: As you said it was. The contract is with J. L. Davidson, who, I understand now, is a partner of Mr. Smith, and Mr. Smith's only connection with the Vancouver Terminal Grain Company, with the building the Vancouver Terminal Grain Company is erecting, is that of being a partner of the gentlemen in whose name the contract stands for the construction of the elevator.

THE CHAIRMAN: Q: The contract is made with Davidson?

A. The contract was made with Mr. J. L. Davidson.

Q. Not with the Pacific Construction Company?

A. Not with the Pacific Construction Company.

THE CHAIRMAN: Now, do you want to go any further on the matter of the Vancouver Company, Mr. Woods, or Mr. Van Allen? You see, we are through with Mr. Smith's connection, apparently.

THE WITNESS: May I, before Mr. Van Allen starts, just correct Mr. Woods, if there is any doubt in his mind as to the fact of my having gone to the Harbour Board for a lease for the Terminal Grain Company at a time when I hoped to have the lease signed in the name of a new company later on. That is not so. When, in the month of July I think it was, I went to the Vancouver Harbour Board for a lease for a piece of land upon which I would erect a one million bushel elevator, I had the idea then that it would be done in the name of the Terminal Grain Company.

MR. WOODS: Q: That was all pursuant to this arrangement

you had with Mr. Smith? A: Certainly, but ~~that~~ the Vancouver Terminal Grain Company never entered into it up to that time at all.

MR. WOODS: Oh no.

THE CHAIRMAN: Very Well. Now then, Mr. Van Allen. We have the situation cleared up to that extent. What else do you want to say about these two leases. You were talking this morning about the inadequacy of consideration for putting that -- you had the first lease.

MR. VAN ALLEN: That is the --

THE CHAIRMAN: Pardon me. I understood you to bring this lease here in order to show Mr. Smith's connection with the Board of Harbour Commissioners. Well, we have that gone into now, and we knew the end of it. Now, secondly, you said that the producing of this lease would through light upon the question of cargo rates --

MR. VAN ALLEN: I said that secondly, as to the Vancouver Terminal Grain Company, might arise on the question of cargo rates, but I don't think that I said --

THE CHAIRMAN: No, I don't say you said it would arise, I asked you why you wanted it and you said it came here under the head of cargo rates.

MR. VAN ALLEN: It does arise on the question of cargo rates, I will put it that way.

THE CHAIRMAN: Otherwise, you see, there is no reason why we should deal with the leases between the harbour Commissioners and the Spillers Company, or whatever their name is unless you can tie it up in connection with something we are enquiring into.

MR. VAN ALLEN: I don't want to go into this lease at all now on this branch of the enquiry.

MR. FARRIS: I don't think you do.

THE WITNESS: I just hope Mr. Van Allen will really --

THE CHAIRMAN: You see, you brought it here this morning and you told us this morning that it would throw light upon the question of cargo rates.

MR. VAN ALLEN: Yes, I shall go into it when it comes to the question of cargo rates, that is our present intention.

THE CHAIRMAN: You intend to go into it?

MR. VAN ALLEN: Yes.

MR. FARRIS: Mr. Van Allen states he will call witnesses on the question of cargo rates when it comes on.

MR. VAN ALLEN: I did not say that, Mr. Farris.

MR. FARRIS: Well, you lead us to assume that.

MR. VAN ALLEN: No, your understanding is --

MR. FARRIS: I think Mr. Van Allen should be asked to do that, Mr. Chairman.

THE CHAIRMAN: We have the lease --

MR. WOODS: Has the lease been put in?

MR. VAN ALLEN: That lease was just received this morning.

THE CHAIRMAN: No, I mean the lease to the Vancouver Terminal.

MR. VAN ALLEN: Yes, the lease is here.

THE CHAIRMAN: Well, it has been put in now, has it?

MR. VAN ALLEN: Yes, it has been put in.

EXAMINATION BY MR. VAN ALLEN:

Q. Mr. Gale, just a question or two; was the total consideration paid by the Vancouver Terminal Company, this one hundred thousand dollars of paid up stock.

Was that the total consideration?

A. Yes, sir.

Q. ~~There~~ was no cash paid? A: No, sir.

Q. Or any other -- A: No, sir.

Q. -- consideration? A: none whatever.

Q. I see. And if Mr. Smith -- I will put it this way -- when Mr. Smith handed over that forty-eight per cent of the share capital of the old Terminal Grain Company to you, as you said he did, --

A. No, I didn't say that at all.

Q. You didn't say that? A: No.

Q. What is the fact? A: I didn't say that he handed me over forty-eight per cent of the old company.

Q. What happened? A: He still has forty-eight per cent in the old company.

Q. He still has forty-eight per cent in the old company?

A. He is very welcome to it.

Q. He has still this forty-eight per cent? A: Yes.

Q. Did Mr. Smith claim to have forty-eight per cent of the stock of the old company at the time that this hundred thousand dollars of paid up stock --

A. He did.

Q. -- was issued to the Terminal Company? A: He did.

Q. And he still has that stock? A: Yes.

Q. That forty-eight per cent? A: of the old stock.

Q. Of the old company? A: To the best of my knowledge, still, he has it.

Q. Therefore, Mr. Smith would get forty-eight per cent of the hundred thousand dollars in stock?

A. He has it?

Q. And still has it? A: Of what?

THE CHAIRMAN: No, no.

THE WITNESS: Now, please, Mr. Van Allen -- now, let me answer that question, because I just want particularly to have the question repeated. What is your question

MR. VAN ALLEN: Q: I say Mr. Smith now has forty-eight per cent of the share capital of the old Terminal Grain Company? A: Yes, correct, as far as I know.

Q. And had it at the time that this hundred thousand of fully paid up shares in the Vancouver Company were turned over to the old Terminal Company?

A. Yes.

Q. Yes.

THE CHAIRMAN: Yes, but he told us more than that. He told us that Mr. Smith immediately relinquished all he got to Mr. Gale and his associates.

THE WITNESS: To myself.

THE CHAIRMAN: To Mr. Gale himself. Yes, that is to say, are you still trying to show that Mr. Smith has some interest in the Vancouver Terminal Grain Company?

MR. VAN ALLEN: Oh no.

THE CHAIRMAN: Or that he got any money at all out of the transaction between that company and the old Terminal Company.

MR. VAN ALLEN: From Mr. Gale's answer, as I understood it, it was this, sir, that one hundred thousand dollars of fully paid up shares of the Vancouver Terminal Company were turned over to the Terminal Company.

THE CHAIRMAN: Exactly.

MR. VAN ALLEN: And they own these shares.

THE CHAIRMAN: Yes -- no, no, that they distributed among their five members.

MR. VAN ALLEN: Yes, distributed.

THE CHAIRMAN: One of them was Mr. Smith.

MR. VAN ALLEN: One of whom was Mr. Smith.

THE CHAIRMAN: He also said Mr. Smith immediately handed his share to him, Mr. Gale.

Q. That is what you said, is it not?

A. Correct, Sir.

THE CHAIRMAN: Well, that ends Mr. Smith.

MR. VAN ALLEN: Q: That is to say he handed to you the shares which he received in the Vancouver Terminal Grain Company? A: Right.

Q. Any shares which he had at that time in the Terminal Company? A: I said before, three or four times, he still holds, to the best of my belief and knowledge about forty-eight per cent of the stock of the Terminal Grain Company. He does not own one cent's worth of the stock of the Vancouver Terminal Grain Company.

Q. Yes, I understand. A: and I would like, Mr. Chairman to have that very clearly understood. Mr. Van Allen would appear to be trying to confuse the issue in that respect, and I want it very clearly understood that Mr. Smith does not own and never did own, except for just enough time to transfer it to me, any stock in the Vancouver Terminal Grain Company.

Q. Well, I knew that Mr. Gale, before I came here.

A. Well, apparently, you did not ask the question about it.

MR. FARRIS: That shows the worthlessness of your question.

THE CHAIRMAN: Q: Pardon me, what did the other four members of the company do with their --

A. Did exactly the same thing.

Q. Who were they, by the way? A: Mr. Macey, in my office, and Mr. Gurd, a solicitor, who acted as solicitor; and Mr. Macey is my Secretary.

Q. That accounts for three; there is another.

A. Mrs. Gale, I think, was a shareholder to the extent of one share. I think that is all.

Q. And yourself make five. A: That is right.

MR. VAN ALLEN: Q: Well, what consideration, if any, Mr. Gale, did Mr. Smith get for relinquishing his share?

A. Now, you will have to ask Mr. Davidson or Mr. Smith, or both of them, what consideration Mr. Smith is getting from Mr. Davidson.

Q. No, I am not -- A: In connection with the consideration that our company undertook to give to Mr. Davidson in connection with the preparation of plans and specifications.

Q. No, but you say that Mr. Smith immediately relinquished his share -- A: That is right.

Q. -- of this hundred thousand dollars ad paid up stock to you? A. That is right.

Q. Now, what consideration did he get for doing that?

A. The understanding being that he was -- the agreement that I made with him would be acceptable to the people from whom --

Q. What I can't get through my head, Mr. Gale, is, why drag Mr. Smith through all these negotiations. You see, in the first place --

MR. FARRIS: He doesn't say --

MR. VAN ALLEN: Just a moment.

Q: You say, in the first place, he had this old charter?

A. Yes.

Q. Which he said he would be glad to give you to save you the cost of incorporation? A: Yes.

Q. So why not let Mr. Smith drop out of it right then, and you carry the company along during the meantime. Why have Mr. Smith stipulating for forty-eight per cent if he is going to get nothing out of the transaction?

MR. WOODS: Mr. Gale didn't say he was to get nothing. Mr. Gale told us that he was to get this -- that if they incorporated this company, and the elevator was built --

THE CHAIRMAN: No, if they incorporated a company, if they built the elevator.

MR. WOOD: If they built the elevator, and Mr. Smith's company get the contract for the elevator, he would get that.

THE CHAIRMAN: Yes, that is right.

MR. WOODS: If this company didn't get the contract for the elevator, he was to get five per cent of the cost of the elevator.

THE WITNESS: That is right, exactly.

MR. WOODS: and that is what there was in it for Mr. Smith all the way through.

THE WITNESS: Absolutely.

MR. WOODS: What there was in it for him was a hundred thousand dollars stock, as it turned out.

MR. FARRIS: No.

MR. WOODS: That was not in mind, but that is the way it turned out.

THE WITNESS: No, to the best of my knowledge, no, no, please, we will have that a little better understood too, if I

may, Mr. Chairman.

MR. WOODS: Yes, go on.

THE WITNESS: Now, just what is your suggestion?

MR. WOODS: Q: I say, as the matter turned out finally, there is one hundred thousand dollars of stock in the Vancouver Terminal Grain Company in your hands fully paid up? A: In other words, let me put it this way, that, as the matter turned out, I was put in full control of the Vancouver Terminal Grain Company's stock.

Q. Yes? A: Right.

Q. Yes? A: Which was the only basis upon which I could carry on my negotiations and complete my transactions

Q. With such Vancouver -- A: The Vancouver Terminal Grain Company's stock.

THE CHAIRMAN: Q: Do you mean the whole hundred thousand dollars worth of stock? A: I mean a hundred thousand dollars, the whole stock of the Vancouver Terminal Grain Company.

THE CHAIRMAN: I see. Mr. Gale, are those the assets, this franchise, or the lease from the Vancouver Harbour Board? A: Its assets up to a little while ago was the lease of the Vancouver Harbour Board. Its assets at the present time, however, amount to very much more than that.

Q. What do they consist of? A: Well, they consist of \$250,00.00 worth of Material and \$100,000.00 worth of work that has been done on the site and a lot of money in the bank.

THE CHAIRMAN: Now, is there anything else about these contracts at present?

MR. WOODS: I am quite satisfied.

THE CHAIRMAN: Now, Mr. Gale, we are through with you, unless Mr. Farris wants to ask anything.

MR. FARRIS: I would like to ask Mr. Gale a question or two.

EXAMINATION BY MR. W. B. FARRIS:

1. This company has been gone into, and I think we should find out something about it, whether it is a proper company to come into Vancouver or not.

As I understand, Mr. Gale, from what you said, the total stock of your company issued was \$100,000.00?

A. Yes, sir.

2. Now, it has been a question that a concern by the name of Spillers is associated with you in this company?

A. Yes, sir.

3. I am not asking you, because that is a matter of your own business and no-one else's business, but I think, if you don't mind answering the question, you can tell us whether or not Spillers or associates are the owners of any of that stock.

THE CHAIRMAN: Of what stock?

MR. FARRIS: Of the \$100,000.00 worth of stock?

A. As I understand it, Mr. Chairman, the question is, do Spillers and their industries or associations -- associates, own any stock of the Vancouver Terminal Grain Company?

THE CHAIRMAN: That is the question.

A. My answer is that Spillers Milling and associated Industries, Limited, through a subsidiary organized for the purpose of handling its Canadian business, and known as Spillers Overseas, Limited, controls a very

large amount of the stock.

MR. FARRIS: Q: Mr. Gale, I produce to you a copy of the Financial Times of May 5th, 1924, and I see an editorial referring to this Company. You might just read the editorial and say whether or not it refers to your company (handing document to witness)

MR. VAN ALLEN: You might read one from the Sun, too, this morning.

MR. FARRIS: That is published in London.

MR. VAN ALLEN: There is one in the Sun you might read Mr. Farris.

MR. FARRIS: Well, there is one in the Sun that you might take heed to, Mr. Van Allen.

A. Am I supposed to read this? Do you want me to read this editorial?

Q. Yes, I think you might read it. It is a paper, such as the London Financial Times -- this matter has now been brought up --

THE CHAIRMAN: Now, I look, there may have been some objection to this, but I think I can speak for my colleague and myself in this regard, that we have absolutely no reason at all to investigate Spillers Company, or the Vancouver Terminal Elevator Company. There is no aspersion cast upon these people whatsoever that I can see -- at least, that is my point. You say, Mr. Farris, that Mr. Van Allen is going to endeavour to show that the lease made with them by the Harbour Commission was an improvident lease from the point of view of the Commission, and, that being so, it explains why the

cargo rates are, in his opinion, higher than they ought to be, that they are making up for their improvidence elsewhere. That is your point, is it not, Mr. Van Allen?

MR. VAN ALLEN: Exactly.

THE CHAIRMAN: Now, there is no reason beyond that, for raising the question as to the reputation of the company or of Spillers.

MR. FARRIS: Well, there is no reason why we should consider that lease on the question of the cargo rates any more than the Province of British Columbia when they made their application to the Commissioners to get the freight rates reduced. That is the same position exactly.

MR. VAN ALLEN: Do I understand my friend is attacking the Government for getting reduced rates as well?

THE CHAIRMAN: Now, let us not wander too far afield. We know ^{had} now about Spillers and I have the great advantage myself of reading an editorial in the Free Press of Winnipeg at noon today. I don't need to read any other.

MR. FARRIS: Well, this question is a question of importance that has come up, on the question of that lease, its improvidence being attacked, and that editorial in the Financial Times of London, if it were known, I think it would justify the Vancouver Harbour Commissioners in giving them a free lease for that period of time, because of the benefit they will get from that, I say upon that point, when we come to the question of cargo rates, I think that Mr. Gale and his associates did not feel that

the Vancouver Harbour Board were at all easy with them on the question of rates.

THE CHAIRMAN: All right. When, later on, Mr. Van Allen attacks the adequacy of this lease, then there will be time, perhaps to go into matters of that sort.

TH WITNESS: Well, Mr. Chairman, might I move this be taken as read:

MR. FARRIS: Well, that is all right.

THE WITNESS: Somebody might move that this be taken as read. It will save a good deal of trouble.

MR. WOODS: Mr. Chairman, I would like to get on with the matter. We are through with Mr. Gale.

TH WITNESS: All right. Will I put this in?

THE CHAIRMAN: No, leave it there. It is not in, we may have to refer to it later.

(witness aside)

THE CHAIRMAN. Oh, we had Mr. Smith step aside.

MR. WOODS: Yes, Mr. Smith was put in the box.

JOHN RUSSELL SMITH resumes the stand.

MR. WOODS: Now, my friend, Mr. Van Allen states that any further questions he has to ask Mr. Smith are concerned with matters number 3, 4 and 5, that is, the contracts and that kind of thing. I want to ask him a few questions in that connection --

THE CHAIRMAN: Are these contracts here?

MR. WOODS: Well, I am not -- we will come to them when we come to them. I want to finish up the other.

THE CHAIRMAN: Oh, I see.

MR. WOODS: That is the personal of the men on his staff.

THE CHAIRMAN: Yes, Mr. Van Allen will go on now?

MR. WOODS: Well, I want to finish on that now, but they come on later, on 3, 4 and 5.

THE CHAIRMAN: Oh, I misunderstood you, I thought you wanted to go on.

MR. FARRIS: I thought Mr. Van Allen had covered the whole territory with Mr. Smith.

MR. WOODS: Let us get on.

THE CHAIRMAN: What is it you want now?

MR. WOODS: I want to ask him in connection with the personnel of the Management and staff, and how these men came to be appointed.

THE CHAIRMAN: Alright.

MR. WOODS: Whether he had anything to do with it, because that has not been asked at all.

MR. ARMOUR: We can have that thrashed out some other time.

MR. WOODS: Mr. Armour, if you don't want this question asked--

THE CHAIRMAN: Go on.

MR. ARMOUR: Go ahead, don't mind me.

MR. WOODS: Now Mr. Smith, Mr. McLean was in the box, and he is superintendent of the elevator.

MR. FARRIS: Oh, if I might interrupt my friend, this letter has just been handed to me, which I think I should bring to the attention of the Commission. This May 27th-- which he asked me to read-- It is from the Craig Grain Company, representatives of Richardson & Company. "It has just been brought to the writer's attention, that a clean-up of the Harbour Commissioners Elevator #1 has been asked for by members of the Trade in Vancouver and in this

regard, we beg to state that we are not parties to this demand or request, especially so in view of the fact that we have steamers in port to load, and that we have ~~xx~~ various grades of grain on track Vancouver which must be loaded into ships within the next two or three days. Such action as this will work a very serious hardship on those who have boats to load, and who have grain on track which must be unloaded before these steamers can load. We also understand that the elevator is now full, and we therefore protest against any such action. Yours truly,"
They are the representatives of J. Richardson & Company.

MR. WOODS: I should say my statement as to the cars being able to be unloaded was not correct. Cars cannot be unloaded into an elevator when there is a weigh-up, but grain can be shipped into the ships.

THE CHAIRMAN: Well, Mr. White will be here tomorrow night, or the next day, and we can see about that.

MR. FARNS: I just wanted to call that to Mr. Lucan's attention. I didn't notice he was out of the room. I am sorry I didn't bring it to his attention when he was in the room. I thought he was here.

MR. WOODS: Now, Mr. McLean was superintendent, he has told us I think of the feed mill at the Head of the Lakes. That was the feed mill down there at the Inland Elevator?

A. You mean the B.J. Ostrander & Company?

Q. Yes? A: Yes.

Q. You were a shareholder in that? A: Yes.

Q. Are you and Mr. Ostrander the principal shareholders?

A. Yes.

Q. And Mr. McLean was the superintendent in that feed mill? A: Yes.

Q. Now you had known him some time, had you?

A. For 15 years.

Q. Yes, and I think you told one of the gentlemen who examined you that he didn't need to ask you to do whatever you could for him in the way of getting him to be appointed to this position here? A: No.

Q. Because he knew that you would do it anyway?

A. Yes.

Q. How did you do anything for him? A: No, I never did-- I wasn't here to do anything.

Q. Now, had you been here, say in the early part-- in the spring or summer of 1923? A: Yes, I was in the spring.

Q. What? A: In the spring I was here.

Q. When did you leave? A: I wasn't-- if my memory serves me right I wasn't here while that --while the application was put in.

Q. When were you here during the spring and summer of 1923? A: Well, I haven't got that--just--

Q. Roughly? A: I cannot tell you that roughly.

Q. Well, were you here in May? A: I think it was the latter part of May.

Q. The latter part of May and during June? A: No, no.

Q. Oh, you left the latter part of May? A: Just about ten days here.

Q. About ten days? A: Ten.

Q. But the trip from the head of the Lakes out here was about the interests of the Pacific Construction Company? A: Yes.

Q. You had contracts at that time, hadn't you?

A. We had the contract of No. 1, yes.

- Q: And some time in May you were ^{out} here? A:--Yes did you see Mr. Beatty when you were here? A: Yes.
- Q. Did you have any talk with him? A: Oh, I wasn't-- there wasn't any appointments mentioned to me because they were talking about reappointing Mr. Bennett.
- Q Who was talking about reappointing him? A: That was the suggestion that I heard here.
- Q. Well, Mr. Beatty spoke to you about it? A: Well, the question came up several times.
- Q. Well, did he speak to you about it? A: Well, Yes, he spoke about it.
- Q. He spoke to you, what did he say? A: Well, I can't just tell you what he said now.
- Q. Well, give me the substance of it -- that they were considering appointing Mr. Bennett? A: Yes, he did.
- Q. What? A: Yes, he did.
- Q. When did they take over the elevator? A: Well, it wasn't at that time. It may May they had taken over the elevator ---
- Q. No, but when they did take over the elevator the question was coming up as to whether they would continue Mr. Bennett on in the service? A: Well, he asked me what kind of a man that Mr. Bennett was.
- Q. Yes? A: And I told him he was a very good man., I knew him before coming here, and I also knew his father very well.
- Q. Now that is in May you think. Have you see him before at the head of the Lakes? A: I think so.
- Q: Yes? A: It was sometime in the spring.

Q: Yes. Now then, you went back to the head of the lakes, and you came up here at what time after that. I think you told us it was - was it in November or October?

A: The last time - - November, around the 15th of November.

Q: The 15th of November? A: Yes.

Q: And you were not here in the meantime? A: No.

Q: Did you see Mr. Beatty in the meantime? A: Yes I seen Mr. Beatty in Ottawa.

Q: In Ottawa? A: Yes.

Q: When was that? A: I think it was some time in July.

Q: Sometime in July, after Mr. McLean had been appointed or before?

MR. BEATTIE: That is an error. I saw Mr. Smith in Ottawa in September.

THE CHAIRMAN: What do you say now, Mr. Smith? A: Well, he knows. I should say ---

MR. WOODS: He, he thinks it is in September? A: Well, I don't know the exact date --- it must have been September.

Q: Well, had you seen him before you saw him in Ottawa, since the time you left him in May? A: I seen him --- I was on the same train going away from Fort William to Ottawa with Mr. Beattie and Mr. Gale.

Q: Yes? Now, that is the first time you saw him after - after - A: After I was here.

Q: After you were here? A: Yes.

Q: Did you hear from him by letter at all? A: No.

Q: Eh? A: No.

Q: Or telegraph to him? A: No.

Q: Eh? A: No.

Q: Not at all? A: No.

Q. During the month of July, or June or never commun-
icated with him at all -- A: No.

Q. --- about the question of superintendency of this
elevator? A: Never.

Q. In any way, manner, shape or form? A: In any way,
manner, shape or form.

Q. You didn't send anybody to him, or give anyone any
word to carry to him after? A: Well, I don't know
whether I did that or not.

Q. What I am getting at is -- A: I see n him --

Q. Did you in any way, manner, shape or form promote
the candidature of McLean to be the superintendent of that
elevator? A: No.

Q. In no way of any kind? A: In absolutely no way.

Q. Direct or indirect? A: Indirect, or directly
or ---

Q. WHAT? A: Any old way at all.

Q. You spoke to no one about it? A: Oh, I spoke to
lots of people. What is the question?

Q. Did you in any manner, shape or form promote the
candidature of McLean to the superintendency of the elevator?

A. No.

Q. You say you did not speak to parties about it ---
prior to his appointment? A: Prior to his appointment, I
spoke to McLean prior to his appointment.

Q. Anybody else? A: Well, I don't recall anybody else

Q. You don't recall, speaking to anyone else except him-
self? A: Well, I don't recall, no. I don't remember back
that far. My memory is not very good.

Q. Your memory is not very good? A: No.

Q You don't remember back that far? A: I don't remember these details.

Q It is not a detail, it is a question of whether you did, in point of fact ---

MR. ARMOUR: A most important detail.

MR. WOODS: It certainly is a most important thing. It certainly is a most important thing, and I am glad to see that Mr. Armour recognizes that it is an important thing.

MR. ARMOUR: I do, indeed, it is most important.

MR. WOODS: Did you in any way try to get Mr. McLean into the position that he now occupies? A: I had nothing to do with the appointment of Mr. McLean;

Q. And you had --- A: Mr. McLean, the first time that I knew that he was appointed --- it was a wire. I didn't know that he was going to be selected. I knew that there were dozens and dozens of applications in there.

Q. But you knew Bennett was talked of? A: I knew Bennett was talked of.

Q. And Bennett was a good man? A: Everybody was in there - of course, I understand there were 75 or a 100 applications from Fort William.

Q. And you never raised your finger at all to anyone to try to get McLean the appointment? A: I didn't have an opportunity.

Q. What? A: I didn't have an opportunity.

Q. You didn't have any opportunity? A: No.

Q. And, therefore, you did not? A: I concluded that Bennett would not be removed from here, I didn't think ---

Q. I see. A: And that Bennett would get the position.

Q. Were you aware that the Grain Board was in favour of having Bennett back?

MR. COMMISSIONER MACGIBBON: I would like to ask this question: were you promoting Bennett's appointment?

A: I beg your pardon?

Q. Were you promoting Bennett's appointment? A: No, I had -- it was only a general thing that was discussed with me. I was just out here on a visit with Mr. Davidson.

Q. You were not promoting any other man's appointment?

A. No Mr. Bennett was -- I know Mr. Bennett practically as well as I do Mr. McLean, and I haven't anything against Mr. Bennett.

Q. Did you recommend Bennett? A: I didn't have -- it was never put to me for recommendation, for Bennett or McLean or anybody else.

THE CHAIRMAN: I think you told us the other day that Mr. Beattie asked you about Bennett, and you recommended him highly: A: Well, I didn't recommend him, all I said was Mr. Bennett was a fairly decent man, I thought he was a really good elevator man, that is just as a matter of enquiry. I may say when the Bennetts removed from Fort William -- I think Mrs. Bennett is upstairs now --- I bought their house. I was friendly with the whole family. I bought their house.

MR. WOODS: What I am interested in is whether you had anything to do with McLean's appointment? A: Nothing whatever.

Q. Nothing whatever? A: Nothing whatever.

Q. That is about as comprehensive an answer as you can make? A: I beg your pardon?

Q. That is about as comprehensive an answer as you can make. You spoke to Beattie about it. You didn't ask Mr. Beattie -- speak to Mr. Beattie or any of the Harbour Commissioners about it? A: Never mentioned ---

Q Never mentioned it to anyone? A: I never mentioned McLean's name to Mr. Beattie, and I never heard it in my presence or anything ---

Q And you exercised no influence? A: I thought it was actually Bennett was ---

Q. You exercised no influence of any kind to try to get the appointment -- A: None whatever.

MR. ARMOUR: You have had that two or three times.

MR. WOODS: What is that Mr. Armour:

MR. ARMOUR: We have had that about a dozen times already.

MR. WOODS: All right.

THE CHAIRMAN: I think it is clear enough now.

MR. WOODS: Now I think you told my friend Mr. Armour, or Mr. Van Allen, that you exercised no influence whatever that you had, if you had any, to endeavor to get Penfold appointed. You didn't have anything to do with that at all? A: I wouldn't have anything to do with it when I didn't know anything about the conditions, not being here. I was in Port William or Port Arthur.

Q Now, take Biernes, did you communicate with Biernes at all in any way as to their being a position open here?

A. I was -- I told Mr. McLean that if he had an opening, this was after he was appointed -

Q Yes? A: That he would be a good man.

Q. You recommended Biernes to McLean? A: I recommended Biernes to McLean.

Q. That is Biernes? A: Biernes. I just pointed out -- he knew him just as well as I did.

Q. You had an opportunity to speak to McLean? A: I did.

Q. On that subject? A: Yes.

Q. McLean has told us that he talks to you about pretty nearly everything in connection with the elevator?

A: Yes, he certainly does.

Q. And that is so? A: That is correct.

Q. Daily? A: Well, not daily, of course not. Some days I don't see him, for four or five days.

THE CHAIRMAN: We got this the other day, you know.

MR. WOODS: Yes, from McLean.

THE WITNESS: Some of that time ---

Q. Yes, you spoke about seeing him sometimes at night in the Vancouver Hotel where you live. Did you see him frequently at night at the Vancouver Hotel, where you live?

A: Oh, not frequently, no.

Q. You wouldn't say frequently? A: I have seen him frequently since this enquiry came on.

Q. I knew, but prior to this? A: Prior to this not frequently.

Q. Very seldom? A: He works there. I have been down on a visit.

Q. At night, is it not a frequent occasion for him to come to see you at your place in the Vancouver Hotel? A: Oh, no.

Q. But you did meet him frequently there at the elevator?

A: Yes, I have walked down through the elevator, just on a friendly visit to see how things are going.

Q. And he does consult you, as you told us -- A: Well he discussed general conditions with me.

Q. Yes?

MR. ARMOUR: Elevator problems?

THE WITNESS: I beg your pardon?

Mr. WOODS: Now that will do.

Q. Do you agree with his general statement of it, that he talks to ^{you} about practically everything in connection with the operation of the elevator? A: Yes, he does talk to me.

Q. Then did you communicate with Biernes after you spoke to MrLean, or prior to speaking to McLean, as to the possibility of their bging a job here for him? A: Well, not at that time. I had -- I told him that I was coming out here -- Iintended coming out here, and if I could see anything out here that would suit him -- he was always anxious to come out here - that I would do what I could to get him out here.

Q. Yes? A: Which I did, with Mr. McLean.

Q. Did you write to him at all (Biernes) on the subject?

A I don't know whether I did or not. I wouldn't say on that.

Q. What? A: I can't recall; but I talked to him verbally to him I think several times.

Q. I think there were two other men, Mr. Smith that were mentioned as being old Davidson & Smith employees, one was King, and the other Hamilton. Did you have anything to do with King being appointed to be accountant here?

MR. FARRIS: No.

MR. VAN ALLEN: No, he is superintendent of No. 3 Elevator.

MR. WOODS: Oh, he is superintendent of No. 3 elevator.

Q. Did you have anything to do with his appointment?

A. Nothing whatever.

Q. Did McLean speak to you about it? A: He didn't have to speak to me, he knows,--- he worked with Mr. King

for several years.

Q. Did he speak to you about it? A: Not about King ---

Q. What about King? A: King came here for a different purpose altogether.

THE CHAIRMAN: What is this? A: King didn't come here to go to work for the Harbour Board. That is only temporary employment at the present time.

Q. At the present time? A: Yes, he wouldn't work for the Harbour Board, - I mean in his present position.

MR. WOODS: All I am asking you is, whether you mentioned to McLean anything about employing King, or McLean asking your advice about it? A: Mr. McLean hired and employed Mr. King on his own, - without discussing it with me at all.

Q. All right. Now, who is the other man - Hamilton, was there a man Hamilton who was in your employ at the head of the Lakes.

THE CHAIRMAN: What is his name? A: Hamilton worked here in the Government Elevator here,--working-for-t

Q. Hamilton: A: Hamilton.

MR. WOODS: Hamilton, yes.

THE WITNESS: He is working in the Government Elevator here, working for the Board of Grain Commissioners.

Q. But did he ever take a job from the Harbour Board?

A: Well, he has worked in several elevators, he has been going all round, - he has worked for several, and he has worked for Davidson & Smith, I would say about six months or perhaps a year, well now as far as that goes to say he is a Davidson & Smith's employee, you might call him Saskatchewan or any other.

Q? Or any other person? A: Yes.

Q. He wasn't in the same category as McLean and Penfold:

A. Well, he is just roaming around, he had been in

several places..

THE CHAIRMAN: Pardon me, had you anything to do with his appointment here? A: Certainly not.

MR. WOODS: Now he was employed apparently by the Board of Grain Commissioners, and from what I gathered from what Mr. Smith has told us, he wouldn't have very much influence with the Board of Grain Commissioners.

MR. ARMOUR: He was working for the contracting company before he went to the elevator, wasn't he, Mr. Smith?

A. Yes, he was actually working there.

Q. The Pacific Construction Company? A: He came out here ---

THE CHAIRMAN: He was taken over from --- A: From the Harbour ---

MR. WOODS : By the Harbour Board:

MR. ARMOUR: No, he was taken over by the Harbour Board from the Pacific Construction Company.

MR. WOODS: Is that what I understood you to say, he was working for the Board of Grain Commissioners, after leaving it, leaving it to be taken over by the Harbour Board? A: No, not then, he was working in the Vancouver elevator. He has worked in several elevators.

Q. Well then, I misunderstood your answer. He was working in your Pacific Construction Company prior to his being taken over by the Harbour Commissioners? A: Just a short time.

Q. Yes? A: In construction work.

Q. He wasn't working here for the Board of Grain Commissioners when they were running the elevator here?

A. Yes, he had worked on this elevator here.

Q. In a temporary capacity? A:; I think he was foreman, or assistant foreman, or something like that.

Q? Just house foreman? A: House foreman, something of that description.

Q. Now, tell me this, You spoke about going into the grain business here. You volunteered that information to me in connection with your talks with Mr. McLean, and your enquiry into the elevator business down there? A: Yes.

Q. That is your intention? A: Well, it is according to what kind of hand you deal me over here. If I can get a square deal I think I will go into it.

Q. You haven't any plans made in that regard? A. Oh, yes, I have a lot of plans but they haven't materialised yet.

Q. They have matured? A: Not matured - lots of plans.

Q. Well--A Was it ~~was~~ in order to get information in connection with the time when you would go into the grain business that you are interesting yourself in connection with the operations of the Vancouver elevator No. 1? A: No. I was out here and reported -- I was out here with the first report that was made on the Pacific outlet, with Dr. McGill, I was out here ---

THE CHAIRMAN: When was this? A: This is 1911. I reported on that question. I was an expert with the Commission that came out here -- Grain Commission, and I had a thorough knowledge of the conditions before this elevator was constructed here. I might say that I was a guest in a private car -- I left them at Calgary, about two weeks here, and I had a thorough knowledge. I wanted to see how this thing turned out.

MR. FARRIS: What did you say?

A: I say I had a thorough knowledge of the shipping conditions from this port.

Q: What did you say about that, I thought -- A: I beg your pardon.

Q: I thought you said something about a private car?

A: Yes, I was a private guest in the private car that the Commission had at the time.

Q.: I see. A: And I left - just to show I knew something -

THE CHAIRMAN: The Commission had a private car, had they?

A: The Commissioners had a private car. I wanted to let you know that.

MR. VAN ALLEN: I just drew that to the attention of Colonel Porter.

MR. WOODS: Mr. Smith, I understood you to say when you were being examined by one of my friends in connection with that, one of them asked you why you went to see Mr. McLean around the elevator so much? A: I am pretty friendly with him, you see, very friendly.

Q. Yes, but I understood your answer to be that you wanted to go and study the elevator operations there and see how grain was coming in and going out, what they were doing in the elevator. Now what I am asking you is, you did say in connection with that answer of yours, according to my memory, that you intended to go into the grain business again? A: Quite possible.

MR. ARMOUR: Why shouldn't he?

MR. WOODS: What: A: Quite possible.

Q. Yes, is that why you were around the elevator, you see what your competitors were doing? A: No.

Q. And how they were getting their grain out: A: They

wouldn't be competitors of mine until I got going.

Q. Not at the present time, but if you were going into the grain business they would be? A: Oh, of course, if I go in.

MR. WOODS: Now what is the hilarity --- what is it my friend, Mr. Armour, finds so amusing:

MR. ARMOUR: This is just wasting time over all these ---

MR. WOODS: Let us see if it is wasting time. The allegation is made here, this is what we are here for --

MR. ARMOUR: Now will you say what? ---

MR. WOODS: My friend Mr. Armour can say what he pleases after I am through, and I can say what I please, but I will be glad if you will kindly not interrupt.

MR. ARMOUR: Go on.

MR. WOODS: The allegation on this record, the thing we are investigating is whether this gentleman's influence is preponderating, as maybe, in connection with the grain trade in this elevator, and secondly, whether it is a good influence or a bad influence. We have evidence given as to what farmer employees of his have been employed here through McLean or otherwise. That is what I have been making, and the question will arise -- and my friend, Mr. Armour, so far as I am concerned, may very well know that it will arise, as to whether Mr. Smith's influence is the best, or if it is right or advisable that any grain man should have the amount of influence which apparently he exercises with the superintending of this elevator here.

MR. ARMOUR: Well, ask him.

MR. WOODS: And why Mr. Armour should guffaw, and laugh at the thing that is the most important thing for his own

client, I fail to see.

MR. ARMOUR: No, you are making a big bluff over it.

MR. WOODS: It is no big bluff at all. I want to find out, and I want to give this gentleman every opportunity to explain.

THE CHAIRMAN: Yes, let us hear about that, as Mr. Smith, as I understand it, is not now in the grain business.

MR. WOODS: No.

THE CHAIRMAN: That is right.?

MR. WOODS: He intends to go into it.

THE CHAIRMAN: Mr. McLean has told us -- he told us frankly, and we must deal with it frankly -- he told us frankly that he consults Mr. Smith every time he is there on all matters, because he says he thinks he knows all about the grain business.

MR. WOODS: Yes, and Mr. Smith agrees.

THE CHAIRMAN: Now, he is not in the grain business. Whether that is right or wrong is an arguable question. And I think Mr. Smith, when he was asked the other day why he always made it a point to go into the elevator and look around things, said he had been a grain man all his life and he was looking forward to becoming a grain man again.

MR. WOODS: Yes.

THE CHAIRMAN: Now, that is as far as he went.

MR. WOODS: Yes.

THE CHAIRMAN: You are asking him now whether his object in keeping in touch with the elevator here was to find out things so that when he became a competitor he would have an advantage over the others.

MR. WOODS: Exactly, and that is exactly what I understood

him to answer -- and I want to give him a chance to explain it.

THE CHAIRMAN: Yes.

MR. WOODS: His answer to me, if he is so closely in touch with the superintendent of the elevator that the superintendent of the elevator comes to him and asks him about everything in connection with its operation, which he agrees he does, is that not giving him an advantage ---

MR. ARMOUR: No, he didn't say that.

MR. WOODS: Too much of an advantage over other competing grain men.

MR. ARMOUR: I must protest against that statement, "About everything", Mr. McLean ---

MR. WOODS: That is just what Mr. McLean said.

MR. ARMOUR: No Mr. McLean said nothing of the kind.

THE CHAIRMAN: Well, he acquiesced in that statement when it was put to him in that way by Mr. Woods, there is no question about that. Now, whether he was within his rights in saying that, I don't know. Mr. McLean told us himself that he did consult Mr. Smith, because he had known him as a grain man, and he said three or four times a week, as a matter of fact, and Mr. Smith said it might be oftener than that. Now there you are on the facts put to Mr. Smith, and Mr. Smith is not in the grain business, but Mr. Woods says that he told us that one reason why he was in touch is because he intends to go into the grain business again.

Now Mr. Woods comments on the fact of keeping in touch as unfair in the light of that.

MR. WOODS: I say, is that a healthy condition.

THE CHAIRMAN: Because it put him in touch with the carrying

on of this elevator, which probably will be some day a competitive elevator if he goes back into the elevator business. Well now, let us remember this, Mr. Woods, you are dealing here with a public terminal elevator. Now all a public terminal elevator can do is take and store grain, take it in and store it in bins and ship it out again. A private elevator, of course, can have trade secrets and mixed grading and so on.

MR. WOODS: That is quite right.

THE CHAIRMAN: Now, I want to know where you think he can get unfair knowledge by visiting this elevator and talking to its superintendent.

MR. WOODS: That is for you to say, but this would occur to me, that if a person is so intimate with the superintendent of the Government elevator, and is a shipper of grain and a grain dealer, he would have a tremendous advantage over his competitors in respect of the loading of his ships.

THE CHAIRMAN: Out of that elevator.

MR. WOODS: Out of that elevator, he would, because you see the warehouse receipts, he would know a great deal more than they would know. I have no hesitation in saying, Mr. Chairman ---

THE CHAIRMAN: Oh, once he became a grain dealer, yes, certainly.

MR. WOODS: Yes, certainly, I haven't any hesitation in saying that I don't think that any grain dealer, or prospective grain dealer should have the amount of influence in an elevator that Mr. Smith appears to have.

THE CHAIRMAN: I may be a prospective grain dealer after

these years of experience.

MR. WOODS: No, you haven't the same intention, you, quite obviously, have not the same intention as Mr. Smith had.

That is my opinion of it anyway.

(Inquiry adjourned at 4.35 p.m. until 10.30 A.M.
on the 28th).

WEDNESDAY, MAY 28th, 1924.

MORNING SESSION.

MR. LUCAS: In the matter of the proposed weigh-up: Yesterday I was instructed that the Trade, whom I represent, would have no objection whatever to a weigh-up if that was desired by the Commission for the purpose of this Inquiry, and I stated that this position was based on the assumption that the weigh-up would be completed in four days and that the Weighing Department would make such necessary arrangements as to facilitate the loading of ships which would have to be loaded within the next few days. Since yesterday, however, a number of the exporters have been informed that this weigh-up will occupy from two to three weeks, and that in consequence it will seriously tie up the expeditious shipment of grain, which, in view of definite commitments, would be a serious matter for the exporters concerned. And as I stated yesterday, ~~as~~ towards the middle and end of next week there will be a very large number of shipments coming into harbour. In view of these considerations, on behalf of the Trade I am instructed to withdraw that acquiescence which I expressed yesterday; for clearly, while having every desire to assist the Commission in securing the necessary facts in connection with the charges which have been levelled at this port, with a view of having them disposed of once and for all for the good name of the port, the Trade ~~can~~ hardly be asked to acquiesce in what would at this time, according to the information in my hands and given to my clients, be tantamount to tying up all the business of the port. Our position yesterday was taken, as I say, on the assumption that the work could be effected in four days, and that

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arrangements could be made to prevent any inconvenience to the Trade as regards loading out ships as per contract. It would now appear, however, from information later received, that this will probably not be the case. I desire, therefore, Mr. Commissioner, to reiterate that the Trade have every wish to assist this Inquiry in every way possible in arriving at the facts relating to the grain business at the port and will not do anything which will in any way hamper such Inquiry, -which was their sole and only reason yesterday for instructing me not to oppose the suggested weigh-up, if in the opinion of the Commissioners it is considered desirable and can be effected without disrupting the trade of the port or without any chance of interference with the present commitments of the Trade.

These are in effect, Mr. Commissioner, my instructions, this morning, and they are based, as I say, upon information my clients have received that if the weigh-up is proceeded with as proposed, it would result in a tie-up which would be in all probability react very disastrously on the Trade, who would be taken unawares with present commitments and without any way of taking care of themselves.

MR. WOODS: I have a letter that I have just received on the same subject, addressed to me from The Canadian Grain Export Company, Limited: "Referring to the weighing-up at the Elevator at this time, as a member of the Grain Trade in Vancouver, and on behalf of my Company, I want to go on record that I distinctly stated -however not at any meeting- that I was in favour of the weighing-up to get to the bottom of this over-shipment referred to at this Royal Commission here; provided

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however that not only my Company but any other Company does not suffer any loss through the tie-up which will be necessary. I also want to advise the Commission now that we have a large parcel of oats to load on the steamship 'Canadian Transport' now in port and ready for cargo, on or about the 29th of this month; and with this in view, I would respectfully ask the Commission to whom we are to look to for reimbursement in the event of sustaining any loss of any nature whatsoever through the tying-up of the loading at this port. As this tying up of elevator facilities is of so grave a character, I would suggest that before it is decided to take this action, much more consideration and discussion should be given to the matter." Signed by Mr. G. W. Head.

I understand that the solicitor for the Canadian National Railways would like to speak to the Commission on the subject also.

MR. R. W. HANNINGTON: My name is Hannington. I am the British Columbia counsel for the Canadian National Railway, and also for the Canadian Government Marine, which of course operates the steamship "Canadian Transport" just mentioned by Mr. Woods. Up to this point, of course, we have had no direct interest in this Inquiry, but when it comes to this question of the weighing-up of the elevator we do become directly interested on account of the tie-up, not only of the railway equipment, but also of any of our ships that are awaiting cargo.

Now with respect to the railway equipment, I just want to give you the facts. I know very little about the arrangements concerning the Merchant Marine, the reason of that being that I only learned of this this morning. We have at present 502 loaded cars either here or between

here and Edmonton. Edmonton represents a run of about four days. We also have 1113 cars for which loading permits have been obtained; making a total of 1615 cars loaded or about to be loaded. In addition to that we learn from the Merchants' Exchange that their commitments or their undertakings represent another 1228 cars. The Canadian National assumes that we will get fifty per cent. of those cars. As a matter of fact, at this season of the year we should get considerably more than fifty per cent. Assuming we get fifty per cent., that makes an additional number of 614, making a total of 2229 cars which actually must be or will be tied up or detained, unless, of course, we put on a loading embargo. And we shall be compelled to create an embargo against loading if this weigh-up is going to involve any substantial delay. We of course could not possibly object to a weigh-up. We understand that it is the regular practice at other elevators, and of course it is always a proper practice, and I fancy must be a necessary expedient to be adopted in connection with this Inquiry. Our only suggestion is that the weigh-up should, if possible, be somewhat delayed. Of course that is a matter entirely within your control. Even a reasonable delay, say of a week, would get us rid of our cars actually loaded, and then, with our embargo, we are out of trouble. It would not assist the shipping industry very much, however.

MR. FARRIS: It would assist Fort William, though.

MR. HANNINGTON: Yes; well, I am not interested in that feature.

MR. FARRIS: I want to find out about that, -by whom this weigh-up is being asked for.

MR. HANNINGTON: I am not here for the purpose of en-

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gaging in any controversy that I know nothing about, the Fort William end; I assume we get our share of that there. We are only interested in the Vancouver end here where our cars are ^{un}loaded and where our ships are loaded. It would occur to me, though, that if this weigh-up could be delayed until a good deal of this grain is got out of the elevator, it would facilitate the weigh-up. That also, of course, is a matter for your control. I am not here to protest, only to ask that if possible this weigh-up be delayed somewhat. A week would help us in Vancouver very much, because of course the detention of these cars and of our ships represents a very serious loss.

MR. JOS. CLARKE: Mr. Commissioner, from my limited scope in this inquiry I cannot too strongly endorse what Mr. Lucas has said as being in the interests of actual grain growers and grain shippers. Of my personal knowledge I know that there are a large number in my vicinity who have their grain still on their own farms, waiting for an opportunity to get it away. I cannot say anything except that Mr. Lucas's standpoint is entirely in the interests of the few people whom I am allowed to represent here.

THE CHAIRMAN: THE SITUATION, of course, is clear. We ourselves had decided not to have a weigh-up at this point, and that is why Mr. White was allowed to return East. Then the question was reopened by the Trade itself. That is, Mr. Coles wrote this letter asking for this weigh-up, and Mr. Lucas supported the letter on behalf of the Merchants' Exchange; whereupon we wired to Mr. White to come back and proceed with the weigh-up. Apparently that action of the Merchants' Exchange was a

little hasty, because the first reaction_x came, I remember, from Richardson & Sons, who I understand are the largest exporters out of this port. They protested, and today we have more representations to the same effect. It appears now that the matter should be re-considered. It struck me this way, personally, at the time, that if a weigh-up were not immediately necessary to account for the 74 73,000 bushels of over-shipment of No. 1 between the dates given by Mr. Van Allen, August to March, that in any event there is to be an official weigh-up in two months' time, that is to say at the end of July; there is to be an official weigh-up of this elevator, and that might serve the general purpose. However, we decided to bring Mr. White back; he is on his way back now; and I imagine he will be here this evening, will he not?

MR. FARRIS: I may say Mr. Castles is here, and Mr. Castles has probably done more weighing up than any man in Canada. Mr. Castles tells me it is impossible to make a weigh-up---he doubts if it can be made inside of two weeks. At this point I just draw the attention of the Commission to the assistance that we are getting from the Merchants' Exchange.

MR. LUCAS: I just want to correct perhaps a wrongful impression which you may have. The Merchants' Exchange has said, "We are not the applicants, we did not apply for this weigh-up. We were consulted yesterday morning as to whether we had an objection to a weigh-up. Now, the early part of this week, I understand, shipping is very, very slack, and a weigh-up might have been had without any inconvenience. The latter part of this week there is not very much inconvenience. Next week there will be serious inconvenience. As it appeared to us yesterday, a four-day weigh-up was not going to cause inconvenience

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shippers very much, particularly if outgoing shipments could be taken care of and if two or three immediate commitments where grain is on the track and it is necessary to be taken in, could be attended to. It was only on the assumption that a weigh-up was thought by your Commission to be desirable that we were acting when we acquiesced yesterday in the suggestion that a weigh-up should be had at the present time.

THE CHAIRMAN: Well, that does not add much to the situation. The situation is that Mr. White is now on his way back; and I think we had better adjourn consideration of the point until he returns. He will be able to tell us better than anybody else how long this weigh-up will take, when it will begin and when it will end. We have sent for him now; he is on the train.

MR. WOODS: So that the matter may be brought on a proper basis. As I told the Commission yesterday when I brought it to the attention of the Commission the letter addressed to the Chairman from Mr. Coles, I could not advise that the request of one shipper be acted upon; and I asked my friend whether the Merchants' Exchange, who represent all the shippers, would endorse that request. They did so and acting upon that we have sent for the Chief Weighmaster, and also we have sent to Fort William for the necessary seals and stationery. There is a man from Fort William not on the way with the necessary impediments for a weighup. Prior to any weighup there would, of course, have to be a checking of the receipts and shipments in the Registrar's office, which would probably take until about Monday; and then the actual weighing up of the house, according to my information from the technical advisers, would occupy from four to five days; that

is, four to five days of next week, because you could not start until you had your accounts checked up. Now that is the situation, and Mr. White, when he is here, can tell us whether that is a proper estimate or not. He knows better than anybody else. It is, however, upon the endorsement of the request from the shippers, from the port, and if the shippers withdraw that endorsement we are in the position of not having an application for a weigh-up from them, and it is a matter then for the Commission to consider whether the matter should be gone on with. . I do not know the source of my friend Mr. Lucas's information as to the matter taking two or three weeks. The information that I got from the Technical Adviser to the Commission, founded upon information that he gets after consultation with other experts, is as I have stated; and why a figure of two or three weeks should be mentioned I have not yet been able to discover.

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Main Commission 22-5-24. p.m.

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JOHN RUSSELL SMITH, resumes stand;

THE CHAIRMAN: What are you going on with now, Mr Woods?

MR. WOODS: Well, the next thing, as I understand, is these contracts. Mr. Van Allen is asking Mr Smith to be called in connection with no. 3 and no. 4. - 3, 4 and 5 all go together really.

MR. VAN ALLEN: Yes, they are all the same thing.

MR. WOODS: They are all one group.

MR. FARRIS: Are you finished with the other.

MR. WOODS: Well, except, as I gather, for Julian.

MR. VAN ALLEN: No, I am not absolutely finished.

THE CHAIRMAN: Is that right, that no 2 is finished.

MR. VAN ALLEN: Well Mr. Chairman, I wouldn't like to say, as far as I am concerned, that no 2 is finished, because something may turn up or inquiry later on.

THE CHAIRMAN: Well, when we say finished, I understand while we are sitting here something may be found by you, or Mr Farris may find it.

MR. VAN ALLEN: Yes, that is what I mean, as far as I know.

MR. FARRIS: Well, has Mr Van Allen anything more at the present time?

THE CHAIRMAN: No, he says he has not.

MR. VAN ALLEN: No, but I don't want to be absolutely closed.

MR. FARRIS: Now are you going on with No 3?

THE CHAIRMAN: If Mr Van Allen makes application during this sitting to refer it to any of these charges, we will consider it. We are on 3, 4 and 5 now.

MR. VAN ALLEN: Yes.

Q: Mr. Smith, your firm, the Pacific Construction Company

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HAD THE CONTRACT FOR THE CONSTRUCTION.

MR. ARMOUR: Not his firm, the Pacific Construction Company.
Please don't mixup the firm of Davidson & Smith with
the Pacific Construction company.

MR. VAN ALLEN: Q: Your company, the Pacific Construction
Company, had the contract for the construction of the
addition to no 1 elevator. What is correct? A: Yes.

THE CHAIRMAN: That is not a call of annex.

MR. VAN ALLEN: Yes, the annex.

THE CHAIRMAN: I mention that here because that is the way it
shows in no 3, you see.

MR. VAN ALLEN: Yes.

THE CHAIRMAN: The annex, all right.

MR. VAN ALLEN: And I have here, sir, the tender, specification
and contract.

THE CHAIRMAN: Have you got the other tender?

MR. VAN ALLEN: No sir. Just this particular tender and the
contract, a copy of which has been supplied by the Harbour
Commissioners counsel.

THE CHAIRMAN: You are not then going to compare it to other
tenders that were submitted?

MR. VAN ALLEN: No sir.

MR. ARMOUR: I don't understand, Mr. Chief Commissioner, that
there is anything in these charges that would indicate
that the contract was not let to the lowest tenderer,
that is to say, any comparison between--

THE CHAIRMAN: No, Mr. Van Allen says he doesn't intend to
establish any comparison.

MR. ARMOUR: Well, that is the case. We had that up with
regard to the P.O.R. railway some time ago.

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MR. VAN ALLEN: This contract, Mr. Chairman, is dated July 3rd, 1923, and is made between the Pacific Construction Company Limited and the Vancouver Harbour Commissioners, and the works covered by the contract is set out in paragraph 3, consisting of the following---

MR. FARRIS: Now, my friend is taking the second contract first.

MR. VAN ALLEN: What is the odds?

THE CHAIRMAN: Well, just a minute now. Are there two different contracts marked 1 and 2, or what is it. We are dealing now with the contract for the construction of the annex to elevator number one.

MR. VAN ALLEN: Yes, sir.

THE CHAIRMAN: Is that right?

MR. VAN ALLEN: Yes, there are two contracts, one for the foundation, and then one for the superstructure, and this one is the superstructure.

THE CHAIRMAN: Oh, there was two different contracts.

MR. VAN ALLEN: Yes, sir.

THE CHAIRMAN: One for the foundation, and one for the superstructure.

MR. VAN ALLEN: Yes.

THE CHAIRMAN: Both given to the same company.

MR. VAN ALLEN: Yes, sir.

MR. FARRIS: For the convenience of the Commission, I have a separate copy.

THE CHAIRMAN: You refer to contract of July 3rd, 1923

MR. FARRIS: Yes sir.

THE CHAIRMAN: Which one do you refer to now?

MR. VAN ALLEN: This is the contract for the superstructure.

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THE CHAIRMAN: For the contract is, all right.

MR VAN ALLEN: And by clause 3---

THE CHAIRMAN: Yes.

MR VAN ALLEN: This contract provided for the following
works. First---

MR FARRIS: Now, wouldn't it be as well to let my friend put in
both these columns.

MR VAN ALLEN: I am going to.

THE CHAIRMAN: That is all right, go on, you can describe this
one as you go.

MR VAN ALLEN: Firstly, one concrete storehouse, 100 by 165 by
115 in height. Secondly, one concrete shiping house
22 by 35 by 150 in height. Third, one conveyer gallery
and certain equipment as per specifications, and fifth
all equipment and necessary superintendence required for
the expeditious completion of such work. There are
several other clauses in the contract, but the tender was
made by this Company.

THE CHAIRMAN: What is this?

MR VAN ALLEN: The tender;---

THE CHAIRMAN: What about the tender?

MR VAN ALLEN: I say the tender was made by this Company
apparently some time previous, and it shows that the con-
tract was on what is known as a cost plus basis, that is
to say---

THE COURT: This contract?

MR VAN ALLEN: Yes sir. The cost under the contract was to be
\$550,000., with a percentage of ten per cent as a fee
for the contractors.

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MR ARMOUR: Mr Commissioner, might I suggest this, Mr John L Davidson is really the active man in the Pacific Construction Company. If my friend is going into any question in connection with these contracts, he should ask Mr Davidson, as Mr Davidson is here. I don't know that Mr Smith knows anything about them.

THE CHAIRMAN: Well, I will tell what I think, Mr Armour, I think that somebody -- either Mr. Van Allen or the Secretary might read this contract to us as it is. I find in the long run that we save time by reading the document instead of having it explained by somebody else.

MR ARMOUR: Quite true.

THE CHAIRMAN: Then if Mr Smith is not the proper person to examine, we will call for Mr Davidson. We are on the contract now, we are not on anybody personally.

MR FARRIS: This is the superstructure, you see, and that is the substructure----

THE CHAIRMAN: This is the work on the superstructure, and the tender on No 1 Elevator--- tender specification and contract.

MR ARMOUR: There is one for the foundation.

MR FARRIS: Yes.

THE CHAIRMAN: That will come next. Mr Beachman, will you read that contract?

MR FARRIS: I might suggest that the May contract be read first.

THE CHAIRMAN: Which one.

MR FARRIS: The May contract, because that was let on a different basis.

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THE CHAIRMAN: Is the other one anterior in date?

MR. FARRIS: No, that was let by public contract

THE CHAIRMAN: All right.

MR. FARRIS: And then in order to hurry it up they let the contract of 3rd July on a cost-plus basis. I suggest we take them up in order.

THE CHAIRMAN: First we take the contract-- of what date in May? It is the 24th day of April.

MR. FARRIS: Yes, it is the 24th day of April.

THE CHAIRMAN: It is dated 24th day of April.

MR. VAN ALLEN: Mr. Chairman, with regard to reading the contract for the foundation, if my friend, Mr. Farris, wants it read, or the commission wants it read, very well and good, but as far as I can see there is nothing contentious between us regarding the provisions of the contract for the foundation.

THE CHAIRMAN: Allright then we will just put it in

MR. VAN ALLEN: So I think we might just file it

MR. FARRIS: The only reason is that we should show that they were the contractors, tendering for the foundation.

THE CHAIRMAN: Yes, well, read the contract for the foundation. Read it as fast as you can.

(Contract read by the Secretary)

(CONTRACT MARKED EXHIBIT No 38)

THE CHAIRMAN: Now, then, so far as the second contract is concerned it simply reproduces these same provisions word for word and you need not read that, Mr. Deachman. Better take it up at once-- the contract for the superstructure.

(Secretary reads contract for superstructure)

(DOCUMENT MARKED EXHIBIT NO 39)

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MR. COMMISSIONER MAGGIBSON: I understood that the work done on No 1 was not a contract.

THE CHAIRMAN: That is the extension of the contract.

MR. FARRIS: One is the substructure, the other is the superstructure.

THE CHAIRMAN: Just clear that up now, the superstructure and the extension of No 1 Elevator, otherwise, that is the annex.

MR. FARRIS: Yes.

THE CHAIRMAN: Now, then, "belonging to the Vancouver Harbour Board including work in connection with the working of the present house."

MR. WOODS: That is the present No 1 Elevator.

THE CHAIRMAN: The reconditioning of it.

MR. WOODS: It would appear so.

MR. VAN ALLEN: I don't know, it would look like it.

THE CHAIRMAN: Well, we were dealing with the reconditioning and that elevator was not included in the contract.

MR. WOODS: I think there must be some explanation in connection with that. You see "including work in connection with the working of the present house," that means including work at that time, that is contemplated in connection with the present No 1 elevator. What is the date of that?

THE CHAIRMAN: Of course, this is only the tender. The contract may be different.

MR. ARMOUR: Mr. Chairman, that might be cleared later on.

THE CHAIRMAN: Yes, we will just note that.

MR. WOODS: Well, afterwards, I see, on the 20th July apparently there were some other things ordered. I don't

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MR. WOODS: Whether it was included in that or not.

THE CHAIRMAN: Well, we will go on.

(Secretary continues reading the contract)

THE CHAIRMAN: That seems to be the arrangement--- whatever they were ordered to do.

MR. WOODS: Whatever was not included in those specifications, any other thing they were to do on a cost-plus basis.

THE CHAIRMAN: No, I mean the alterations and additions of the present work house in No 1 Elevator, other than those called for, that is, in addition to finishing the annex.

MR. WOODS: There must have been plans and specifications accompanying this contract, you see, that called for certain work in connection with the present work house.

THE CHAIRMAN: That may be, but the plans and specifications only refer to the annex.

MR. WOODS: Well, it would appear so.

THE CHAIRMAN: However, I don't know.

MR. FAIRIS: I don't think that has anything to do with the reconditioning at all. (Reading continued.)

THE CHAIRMAN: If this contract specifically covers the reconditioning of the old house, that may be the clause.

MR. WOODS: It is a question what that specification covered.

THE CHAIRMAN: Where are the specifications? Are there any at all? They are not attached apparently.

MR. WOODS: That is a question really.

THE CHAIRMAN: Well, as a matter of fact, they did the reconditioning. They did the reconditioning -- at least they did that part of the reconditioning which we have been investigating.

MR. WOODS: Here is a note on the 28th of July--- part of the

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MINUTE. of the meetings of the Board-- somebody was instructed to notify the Pacific Construction Company Limited to proceed with the alterations to No. 1 elevator;

THE CHAIRMAN: Yes.

MR. WOODS: Including, one, installing two separators (reading)

THE CHAIRMAN: What is the date of these minutes, Mr Woods?

MR WOODS: That is the 20th of July.

THE CHAIRMAN: All right. They were to do it according to Metcalfe's specifications and plans?

MR WOODS: Yes. Well, it is a question -- as per specifications, it says.

THE CHAIRMAN: I beg pardon.

MR WOODS: It is a question what, "as per specifications" means.

Was there a specification attached to this contract?

MR FARRIS: Which one?

MR WOODS: This contract---

THE CHAIRMAN: There is none.

MR WOODS: There is none here, but was there any.

THE CHAIRMAN: There was a contract attached to the specifications, first April.

MR FARRIS: I think there was, because it was a rush job and they were getting the work out hurriedly and that is the reason the contract specified.

THE CHAIRMAN: The only thing is, the contract calls for certain equipment and machinery as per specifications, and there are none; but, in any event, we find a subsequent minute of the Board where they authorized these contractors to go on with the reconditioning of elevator No 1 pursuant to the plans of Metcalfe & Company and the spouting is

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referred to there specifically.

MR WOODS: Yes.

THE CHAIRMAN: Allright.

MR WOODS: Then the only point, it seems to narrow down to this, or, at least, one of the things is whether that work there-- if these are the specifications that are referred to in this clause B, then it ought to be with the estimate of \$350,000.

MR FARRIS: Oh, no, never made out.

MR WOODS: Never made out?

MR FARRIS: No.

Mr. ARMOUR: No, it was never made out. As a matter of fact the estimate of \$350,000 was much exceeded.

THE CHAIRMAN: All right, read the next.

(Reading of contract continued by Secretary. finished.)

THE CHAIRMAN: All right. Then go on, Mr. Van Allen.

MR FARRIS: Mr. Chairman, perhaps Mr. Van Allen might tell us just what he is going to do, what he is charging, because Mr Howe is here, and this is just a question of the form of this contract--

THE CHAIRMAN: Yes, all right. What do you wish to suggest about this, Mr. Van Allen. What do you intend to bring

MR. VAN ALLEN: Well, the very first thing, sir, it was intimated in my Winnipeg statement that the firm known as the Pacific Construction Company had been getting very important contracts from the Vancouver Harbour Commissioners.

THE CHAIRMAN: Yes.

MR VAN ALLEN: That point really comes in under the second point in this enquiry.

THE CHAIRMAN: Oh, we know that, we have the contract.

MR VAN ALLEN: That is the reason I was going on with Mr. Smith's examination this morning under that point, but we can do it here just as well.

THE CHAIRMAN: To show that they got the contract.

MR. VAN ALLEN: Yes.

THE CHAIRMAN: You want to know when they got the contract.

MR VAN ALLEN: Yes.

THE CHAIRMAN: Now, that we know that-- we have known it ever since we have come here, that the Pacific Construction Company has had this contract, and we have been told Mr Smith's connection with the Pacific Construction Company, and Mr. Davidson's connection. Anything else you want to bring out.

MR. VAN ALLEN: Well, I want to ask the witness two or three questions.

THE CHAIRMAN: All right.

MR VAN ALLEN: Some questions-- and then, sir, furthermore--

THE CHAIRMAN: Was the annex completed?

MR VAN ALLEN: Oh, yes, the annex is in operation.

MR FARRIS: There is No 2-- that is clearly understood.

THE CHAIRMAN: What is?

MR FARRIS: It was really understood that the Pacific Construction Company had nothing to do with No 2, so that part of Mr. Van Allen's charge goes by the board.

THE CHAIRMAN: No, all we are bringing out now is with reference to elevator No 1, one refers to the foundation and the other the superstructure, but we are not

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talking about anything else.

MR FAHRIS: I understand, I only want that---

THE CHAIRMAN: We are not talking about anything else.

MR. ARMOUR: I wish to state this only because my friend,

Mr. Van Allen apparently is under a misapprehension with regard to elevator No 2. The Pacific Construction Company has nothing to do with that. That contract has been let to the Northern Construction Company.

THE CHAIRMAN: Yes, well, we have that.

MR ARMOUR: And General Stewart.

THE CHAIRMAN: We have no misconception on that, we will go into that afterward. Now, go on and question about that, Mr Van Allen.

MR. VAN ALLEN: Now, after consideration of these contracts, sir, for the addition of annex To No 1 Elevator, we find the contract for the basement or foundation was \$42,000 odd, and the engineer's estimate for the construction of the superstructure was \$350,000 altogether making in the neighbourhood of \$400,000, and I have to submit here, sir, that shows that the actual cost of that annex including both the foundation and the superstructure was in the neighbourhood of \$749,000.

THE CHAIRMAN: Yes, was that the extras, you mean.

MR VAN ALLEN: Yes, extras, showing an overrun---

THE CHAIRMAN: Whose statement is this?

MR. VAN ALLEN: This statement is a statement prepared by the engineers themselves, Metcalf & Company, the chief engineer and the chief accountant for the Vancouver Harbour Commissioners.

THE CHAIRMAN: Yes.

MR VAN ALLEN: And I was just speaking to my friend Mr MacDonald.

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and I understand that his clients intend to show the reason for this overrun, but as it looks like a tremendous overrun here--\$400,000--- up to \$750,000, an overrun of approximately \$350,000.

MR. FARRIS: I think you should read that statement, now that you have mentioned it.

MR VAN ALLEN: That is the reason, sir, that I bring this up.

THE CHAIRMAN: What is that Mr MacDonald?

MR MACDONALD: \$485,000 as against \$749,857, but in the first estimate approximately \$100,000 was not included in the engineer's estimate, that is engineering fees of the department, the cost of the land--- half, I think, more than it was. We have the letter written by my friend, Mr Van Allen for our information, and the reply of the Metcalfe Company, which was concurred in by Major Swan and the Vancouver engineers and the accountant of the Harbour Board fully explained the situation. If my friend then wants any further explanation I am sure that Major Swan and Mr. Carter, vice-president of the company, will be very glad to give it.

THE CHAIRMAN: We will take those letters.

MR VAN ALLEN: Yes, I got it this morning.

MR MACDONALD: Yes, he has the letters.

THE CHAIRMAN: Well, read it.

MR VAN ALLEN: It is dated May 26th.

THE CHAIRMAN: Yes, go on and read them.

MR MACDONALD: Mr. Van Allen wrote as follows to Mr. Farris, solicitor for the Harbour Board. " Sometime ago you furnished us with copies of the contract pursuant to

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which the addition to No. 1 elevator has been built and No 2 elevator is being built. With regard to the addition to No. 1 elevator it appears that the tenders made by the Pacific Construction Company on the foundation work and accepted was for the sum of \$42,807. and for the superstructure \$350,000, a total of \$392,807.

From the return recently made in the House of Commons it appears that a concrete storage house, shipping house and necessary equipment and machinery complete including connecting conveyor gallery has cost up to February 9th, 1924, the sum of \$749,875.54. The overrun in the cost is apparently quite large, and it would seem advisable in the course of the present enquiry that this should be explained to the public. Such explanation should be obtained by calling witnesses. It might expedite matters and make the examination of witnesses unnecessary if you could furnish us with a statement from the commissioners or from the engineers showing the basis on which their original estimates were made, and the original expenditures that account for the overrun in the actual estimated cost. If you can furnish us with such a statement we would be pleased to receive same".

THE CHAIRMAN: What is from Mr. Van Allen is it?

MR. VAN ALLEN: Yes.

MR. MACDONALD: From Mr Van Allen.

THE CHAIRMAN: To Mr Farris.

MR. FARRIS: Yes.

MR. MACDONALD: Yes. Now, then, the letter I am reading---

THE CHAIRMAN: What date is it?

MR. MACDONALD: May 22nd, 1924.

MR FARRIS: Friday last.

Mr MacDONALD: In pursuance of that request a report was prepared by Mr Carter, Vice-President of John.S. Metcalf, which was concurred in by Major Swan, the engineer of the Harbour Board, and certified by the Accountant of the Vancouver Harbour Commissioners.

MR FARRIS: The Chief accountant.

MR MACDONALD: The chief accountant: It is as follows:

" We enclose herewith statement in connection with the cost of elevator No.1 which you requested for Mr Van. Allen, in reply to a letter to you of May 22nd.

1. Mr Van Allen requests a statement showing the basis on which the original estimates were made and the additional expenditures that account for the overrun in the actual overestimated cost.

2. Much of the difference between the estimates on file at Ottawa, and the returns recently made in the House of Commons which gave the total cost to February 29th, 1924, as \$749,875.54, is accounted for by extra and additional work done, but not yet approved by Ottawa--

THE CHAIRMAN: Not yet approved?

MR.MACDONALD: Well, approved--t

THE CHAIRMAN: You say not yet approved by Ottawa.

MR MACDONALD: But a small portion of it.

THE CHAIRMAN: Yes.

MR MACDONALD: "And by capital accounts, land purchase, engineers fees and so forth, which were not included in the estimates of construction costs that are the only figures at Ottawa.

3. Comparison of estimates of cost with additional

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expenditures as given below in parallel columns, showing estimates submitted to Ottawa with actual expenditures for us to offset. Thus the excessive expenditures above estimates now stand at 27 percent., an amount largely accounted for by the nature of the rush construction on the superstructure. This superstructure contract was started in July and grain was handled in November, heavy extra expenditure was incurred in equipment purchase due to rush requirement and the time limits of delivery and extra labour costs were entailed by rush construction, nights overtime and the necessity while grain was being handled to alter and install and ~~reconnect~~ connect equipment in the old elevator and also in the new house. There are some minor alterations and enlargements which increase the cost.

4. Tenders are called for the foundations on a competitive lump sum basis and the contract was let to the Pacific Construction Company. Work on this foundation proceeded in advance of the superstructure drawings. To insure the completion of the superstructure at the earliest possible date a cost-plus contract was let to the Pacific Construction Company on July 3rd 1923. This enabled the superstructure work to proceed before the foundation was completed, and also obviated delay which would have been required to call tenders. The Harbour Commissioners required the Pacific Construction Company to advertise for competitive tenders on all materials and equipment on the superstructure contracts. These tenders were submitted and approved by the Commissioners, the chief engineer, the chief and consulting engineers.

5. Competitive tenders were called by the Harbour

A 17 1054

Commissioners direct for the greater portion of the transformer housework which covered equipment. The structure only represented about \$7,000, being entrusted to the Pacific Construction Company as an extra at cost-plus 10 per cent. This same proposition was operated with regard to the equipment for the lower gallery structure and spouting to an amount of \$7,500, being instructed or entrusted to the Pacific Construction Company at cost plus, a tabulation is enclosed herewith which indicates the present total as \$711,547, and accounts for the amount of \$749,857.54 above noted. We trust this may give you all the information Mr. Van Allen desires".

Now, the statement is as follows: First, the estimates on foundation submitted to Ottawa.

R. VAN ALLEN: Have you got an extra copy, Mr. MacDonald.

R. MACDONALD: No, Mr. Ferris may.

R. FERRIS: No, I have not. I was just going to suggest, Mr. Chairman, it might facilitate matters and save time for the commission if we have the engineer expert Mr. Howe. Now, it might be possible for Mr. Howe to check these matters up with the engineer and report back. I make that suggestion.

R. MOODS: Mr. Howe is not exactly attached to the commission--he is not attached to the commission in any way.

We will be very glad to take any advice and assistance, though, that can be given us by any expert later on.

R. FERRIS: I thought you said Mr. Howe was with the commission. That is what I understood.

THE CHAIRMAN: Are you reading that report?

R. MACDONALD: No, not--the statement showing the actual

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Differences. Comparative table estimated cost and expenditure on elevator No. 1, first, foundations, estimates submitted to Ottawa April 9th, 1923, \$55,000, lump sum contract, Pacific Construction Company \$43,807. Superstructure submitted to Ottawa June 8th and 12th, 1923, \$359,000, cost plus contract to Pacific Construction Company inclusive \$55,000 fixed fee plus 10 per cent. for instructed extras.

THE CHAIRMAN: Plus 10 per cent. for what?

MR. MACDONALD: For instructed extras-- for extras on estimates.

THE CHAIRMAN: Yes.

MR. MACDONALD: \$504,000. Transformer house submitted to Vancouver Harbour Board Commissioners, 55,020 -- equipment and so forth Pacific Construction Company at cost plus ten per cent. \$54,000. That is approximately over a thousand dollars less. Power return gallery submitted to Ottawa September 27th, 1923, \$16,150; the actual cost being however, 15,500. This makes a total as estimated of \$485,170, whereas the finished price including extras was \$616,307 or as the engineers point out, an excess of 27 per cent. Now, adding the cost items carried on Vancouver Harbour Commissioners books, but not included in the John W. Macdonald Company estimate are as follows: First, engineering fees on foundation, extra structure \$27,344, Vancouver Harbour Commissioners Engineering Department account and check and cost-plus work, ~~at~~ inspection, altering power wire and so forth \$9,316, Vancouver Harbour Commissioners Engineering Department preliminary costs \$3,190, Vancouver

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Harbour commissioners, laying water main 1260.
Vancouver Harbour Commissioners interest on bank
overdraft 9,070. Next is cost of land on which
elevator was built \$20,000. Allowance maximum carried
on books pending arbitration of contracts with Pacific
Construction Company \$25,000.

Well, I understand there is some difference as to
what the Pacific Construction Company should receive
for certain work already done, the contractors claim
certain sums--

MR. MOODS: That is not cost of material, though, it is
superintendence.

MR. MACDONALD: Well, I don't know what it is. It is subject
to adjustment by arbitration. I think it was in connection
with the actual cost of overrunning the estimate so
much, I think that is what it is. In making the statement
of cost--

THE CHAIRMAN: There are certain matters in arbitration and
\$25,000 is set aside to meet that.

MR. MACDONALD: Yes, as a maximum.

THE CHAIRMAN: As a maximum, yes.

MR. MACDONALD: Then, my lord, the next is very important.
In making the statement of cost to February 29th, 1924,
book accounts in an amount of 749,857.54 were totaled
which included in error some costs for reconditioning
old elevator No. 1 and an allowance for completion
was added to an amount of 100,000. This figure now
appears too much by--well, it is actually \$65,000 or
\$62,000 because the engineers have added to the \$711,000
\$38,310.54, making the total that was reported in the

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House of Commons at \$749,875.54. But to recapitulate, there is over \$100,000 there that wasn't in the first estimate and the actual excess, and that is by reason of the overtime, rush work and so forth is approximate 27 per cent.

THE CHAIRMAN: Now, pardon me, you say the actual excess, just a minute, Mr. MacDonald--

MR. MACDONALD: Now, so far going into the details, Mr. Commissioner, I would sooner have Mr. Van Allen and the commission here satisfied, that that can be gone into by Mr. Carter.

THE CHAIRMAN: Well, now, just a second. In the first place, let us deal with this, the contracts awarded to the Pacific Construction Company and performed by them, that is including the different extras, were performed by them, you say and these we are primarily concerned with.

MR. MACDONALD: Yes.

THE CHAIRMAN: Now, do I understand that these contracts provided for an expenditure of \$485,000 and in reality incurred an actual expenditure of \$650,000.

MR. MACDONALD: Yes, my lord, that is it exactly, with the extras.

THE CHAIRMAN: With the extras, of course, yes, which were carried out, I presume, under the instructions of the engineers.

MR. MACDONALD: Ordered by the engineers--the Metcalf Company and Major Swan.

THE CHAIRMAN: Now, the other expenses which go to make up the totals referred to in the House of Commons returns as \$749,000, are matters outside of the contract?

MR. MACDONALD: Clearly.

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THE CHAIRMAN: Which were necessary expenditures by the Board in order to have the completion of the whole installation.

MR. MACDONALD: Yes.

THE CHAIRMAN: Site and everything.

MR. MACDONALD: And also the reconditioning of elevator No. 1.

THE CHAIRMAN: Yes, I understand. The Pacific Construction Company drop out of this at the figure of \$16,000, that is, their contract amounted to that.

MR. MACDONALD: Yes, with the extension of the \$25,000.

THE CHAIRMAN: Which is set aside, yes.

MR. MACDONALD: Which is set aside for the purpose--I think that is correct.

MR. ALLEN: There is a dispute as to their remuneration which is being arbitrated.

MR. FARRIS: And some other matters.

MR. MOUR: Some other matters--something held in suspense.

MR. CHILMAN: Now, is there anything more about that Mr. VAN ALLEN?

MR. VAN ALLEN: Well, sir, I am not prepared to say whether we want any further explanation at this date or not. As I say we only got this letter last night and I haven't had a chance to go into it with the engineer, or even hardly read it myself, until this morning.

MR. FARRIS: Well, my friend, wrote the letter for the purpose of facilitating matters, I presume, that he was writing in good faith when I had that statement prepared.

MR. VAN ALLEN: There is nothing indicating that I am not acting

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in good faith.

THE CHAIRMAN: There is nothing to indicate bad faith yet.

I will tell you, here we are, we know who the parties to the contract were, we know that the Pacific Construction Company are the contractors in both these contracts, we know the amount estimated, we know the amount actually expended. Now, then, if there is anything there that ought to be investigated further I should say we can do that a little later on--I mean to say, Mr. Code, for instance--and Mr. Howe is available, I suppose.

MR. CODE: I think he would be very glad to act in that capacity.

THE CHAIRMAN: We are not looking for more work.

MR. CODE: No.

THE CHAIRMAN: But if it goes open to us that we are advised that there is more--

MR. CODE: I think Mr. Howe would be glad to advise the commission as well as he can.

THE CHAIRMAN: Well, then, I could think that counsel had better consult Mr. Howe.

MR. LAMB: Well, Mr. Chairman, I understand, that there is some sort of gentleman's agreement on the matter of ethics, or something of that sort among engineers, that it would be a very delicate position to put Mr. Howe in. If either Mr. Code or myself would ask him to do that, but I think it would be the proper thing if he was asked by this commission.

THE CHAIRMAN: Well, I am asking him.

MR. WOOD: It is the commission who asked him if I asked him.

MR. LAMB: Yes.

THE CHAIRMAN: If there are any fees entitled the commission pays him.

MR ARMOUR: I want to present this thing to the commission from the point of view ---

THE CHAIRMAN: Pardon me, Mr. Armour, we might be concerned to this extent, that we are investigating a contract, well, now, is it an improvident contract, that is to say, is it excessive or is there any fraud perpetrated under it.

MR ARMOUR: No, I don't think that is suggested at all.

THE CHAIRMAN: No, I am not asking you that, Mr. Armour, I say if we are investigating a thing at all these are the things that we look to investigate.

MR WOODS: Yes, that is what it comes to.

MR ARMOUR: No, I don't think that is Mr Van Allen's idea, the charge is, he is complaining in his charges that it has been an enormous extra expenditure to this board which is going to affect the question of harbour rates, that is actually what it is going to affect. Now, he says, I don't understand, you let a contract for a certain price, allright, now, if you run over that tremendously there ought to be some explanation of that. Now, as representing the contractors, the Pacific Construction Company, I want to call Mr Davidson in the box at some stage so that you will have some explanation of why it was exceeded.

THE CHAIRMAN: WELL, that is quite right, Mr. Armour, you are quite entitled to that, and I think it would be a useful thing to do.

MR ARMOUR: I think so.

THE CHAIRMAN: Only it occurs to me, you see, that if we can first get the expert-- that is the engineers, to straighten

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these things out for us and come back here in the morning-- there are only ten minutes left today-- you can then call Mr Davidson.

MR ARMOUR: Yes, I have no objection, but anyway, Mr Davidson is here and he can be heard from---

THE CHAIRMAN: Oh, yes, there is no question he will be heard

MR WOODS: Yes, Mr. Armour.

THE CHAIRMAN: Now, Mr. Van Allen, it is understood that you will advise us later whether you will want anything further?

MR VAN ALLEN: Yes, sir, I am unable to say now.

THE CHAIRMAN: Yes, I understand your position.

MR WOODS: Mr. Van Allen's position is this, he wanted to have this thing brought up so that he could advise his government as to whether the amounts that appeared to be so much larger than the estimates-- whether there is anything to complain about-- and the explanation seems on the face of it to be pretty fairly detailed, Mr Chairman, and if, upon consulting Mr. Howe, Mr. Van Allen finds that it is an explanation that is reasonable to accept, I should think that that ought to be accepted subject to Mr Armour putting in such statement as he chooses from Mr

THE CHAIRMAN: Yes.

MR ARMOUR: It may be unnecessary to do that.

THE CHAIRMAN: Oh, yes, but you have the right to do it after you think over.

Now, in the meantime, this evening, do you wish to address some questions to Mr Smith?

MR VAN ALLEN: Yes.

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THE CHAIRMAN: You had better go ahead on that.

MR. VAN ALLEN: Q: Mr. Smith, my information is that certain work was done on No 3 elevator since the elevator was taken over by the Harbour Commissioners?

THE CHAIRMAN: On No 3 elevator.

MR VAN ALLEN: Yes.

THE CHAIRMAN: Now that is outside these contracts.

MR. VAN ALLEN: Yes, sir I know.

THE CHAIRMAN: All right.

A. Possibly there was.

MR. VAN ALLEN. Q: Yes? A I don't know.

THE CHAIRMAN: Well, just a minute, Mr Van Allen. Remember this the contracts that we are investigating have to do with the annex to elevator No 1 and elevator No 2. Where does three come in.

MR VAN ALLEN: Well, it is not mentioned there, sir, for the simple reason that it did not come to my attention until we arrived here.

THE CHAIRMAN: I know, but I mean it is not part of this at all.

MR VAN ALLEN: It comes under that branch of the case dealing with the Woodward elevator No 3 is the Woodward elevator.

THE CHAIRMAN: I see, well, then, that is part of it.

MR VAN ALLEN: Yes.

MR FARRIS: What have we to do with the Woodward elevator?

THE CHAIRMAN: Pardon me, No 7 is the expense of the construction of the Woodward elevator, that is what you refer to?

MR VAN ALLEN: Yes.

THE CHAIRMAN: Oh, well, that is all right, that is No 3.

MR FARRIS: Well, Sir Charles is not here.

THE CHAIRMAN: No.

MR WOODS: Sir Charles didn't think anything in connection with the Oriental would be reached today. Of course, he does not require that we should give him any assurance to that effect, but Mr Mothersill didn't seem to think so, and I didn't seem to think so, so he left.

MR FARRIS: You haven't finished those other matters.

THE CHAIRMAN: Well, I don't think we had better jump to No 7 now, I don't see any reason for it.

MR VAN ALBEN: Very good, sir.

Q. The, Mr Smith-- I just want to make this clear: I understood you to say this morning that you and your partner had the contract for the building-- I think it was in your partner's name-- for the building of the Vancouver Terminal elevator.

MR ARMOUR: Now, wait a minute.

THE CHAIRMAN: That is not it.

MR ARMOUR: My friend will insist upon mixing up Davidson & Smith with the Pacific Construction Company. I must object to it.

THE CHAIRMAN: Well, but that is not the point at all. My objection is different from yours Mr Armour. We are, I understand, discussing clause No.3 having to do with these contracts, the annex to No 1 and elevator No 2. Now, you are questioning him about something else. I thought you had some question to ask Mr Smith about these contracts.

MR VAN ALBEN: Yes, sir. Well, you see, sir, here is the idea, part of points No.2 and points 3 & 4 and 5 really all deal with the same thing, that is the

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connection, if any, between the firm of Davidson & Smith of the Pacific Construction Company, or themselves and the Harbour Board.

THE CHAIRMAN: Yes.

MR VAN ALLEN: Yes, and it transpired in evidence yesterday that the firm known as the Terminal Grain Company--- the old Terminal Grain Company, which had been a subsidiary Company of Davidson & Smith, had secured a lease, and that that lease had subsequently been taken over on new terms by another Company altogether, and that the plans for that house were prepared by Mr Davidson and he had the contract, but that during the negotiations the shares in the original company had been held by Mr J.R. Smith.

THE CHAIRMAN: That is 48 per cent.

MR VAN ALLEN: 48 per cent, yes. Now I am just asking Mr Smith this, if he has a half interest in that contract held by J.L. Davidson with the Vancouver Terminal Grain Company for the erection of that elevator.

THE CHAIRMAN: All right.

MR VAN ALLEN: That is all I am asking.

A. YES.

MR VAN ALLEN: Thanks.

THE CHAIRMAN: Just a minute now. That is the contract between the Vancouver----

MR WOODS: Terminal elevator.

THE CHAIRMAN: Terminal elevator?

MR WOODS: Yes.

THE CHAIRMAN: Terminal Grain Company. Mr Woods. Terminal Grain Company. Yes, I think that is the name.

THE WITNESS: Vancouver Terminal Grain Company.

THE CHAIRMAN: Q. And J.L. Davidson, and you have a half interest with Davidson in that contract? A: Yes, I have-- anything that he does I am in with it.

MR VAN ALLEN: Mr Chairman, there is one matter I would like to bring before you, sir, and that is with regard to certain correspondence which I requested the production of by my friend Mr Farris. The correspondence is correspondence which passed between Superintendent McLean and the Harbour Board, and the Harbour Board and the Metcalfe Company, and the Harbour Board and one J.W. Cocks, the engineer and superintendent of the Pacific Construction Company, with reference to certain plans prepared by the Metcalfe Company for the No 2 elevator. I have asked my friend to produce the correspondence-----

MR ARMOUR: No 2 elevator?

MR VAN ALLEN: Yes sir, I have asked my friend to produce the correspondence, but for some reason my friend has not done it yet--- possibly he objects to this for I don't know what-----

MR FARRIS: I don't object to producing anything, but my position is this, Mr Chairman, that I feel that my friends have not been fair, and for that reason I have stated that anything that they want must now be applied for through the Court. On Friday last I submitted to Mr Woods----- told Mr Woods that I had a certain brief in connection with the matter of rates, and various other things. Mr Woods suggested that over the weekend we should be furnished with joint information by each other, and on that undertaking I gave them to Mr Woods for Mr. Van Allen and Mr Mothersill and Mr. Lucas.

MR WOODS: That is about the cargo rates.

MR FARRIS: Yes, the cargo rates, and it has a great deal of other connections. The only things that have been

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GIVEN TO ME IN EXCHANGE is this document which Mr Mothersill handed to me prepared by the Vancouver Merchants' Exchange, as his whole brief and information on this whole subject. Now, I understand from Mr Woods before that time that there was a great deal of detail and information that was to be furnished, and having not been furnished with that, and this being all the information, if they have no information, then I was wrongly informed, if they have the information, they are not acting in good faith with me in not letting me have it, and I want to bring that to the attention of the Court.

MR WOODS: What is Mr Woods charging with lack of good faith?

MR FARRIS: Not you, Mr Woods, I am charging Mr. Van Allen and Mr. Mothersill for not having given me the information, which was stated in open court, and on which I submitted that brief, on that undertaking---

MR WOODS: Then I understand that Mr Farris charges Mr Van Allen and Mr Mothersill with not giving the information that they have in writing in their possession, or had, over the weekend in connection with this cargo rates matter, any figures or information that they prepared to produce---

MR FARRIS: Exactly.

MR WOODS: In answer to the suggestion I made?

MR FARRIS: Exactly.

MR WOODS: Now, is there anything in that?

THE CHAIRMAN: Which he says they agreed to give him.

MR WOODS: Certainly, which was arranged, so that both would be furnished.

MR FARRIS: DONE IN OPEN COURT.

MR WOODS: Yes, certainly. What is the fact about that, sir.

MR MOTHERSILL: The fact about it is something like this, that so far as the information is concerned on these cargo rates-- because we have got to depend primarily on the information that we get from the Harbour Board to prepare our case, in connection with that all I can give my friend, as I told him on Friday (or whenever it occurred) is largely contained in the report that I made for the Government of Alberta in January, and on which I am basing my case now, and which is already in the possession of the Harbour Board.

MR WOODS: It is not that that you are complaining about.

MR FARRIS: No, no, nothing was given to me.

MR MOTHERSILL: Since coming here, I have obtained from the Merchants' Exchange this statement of rates, and I have handed that to Mr Farris.

MR WOODS: Now, is there anything else that you have to get at all?

MR FARRIS: That is a statement everybody has.

MR WOODS: Just a moment now. Are there any other figures or data that you have got that should have been handed to Mr Farris in answer to the arrangement that was made?

MR MOTHERSILL: There is nothing else that is not already given.

MR WOODS: You are stating that as counsel for the Province of Alberta?

MR MOTHERSILL: Exactly.

MR WOODS: Now, Mr Farris, I think you had better withdraw that statement of bad faith.

MR FARRIS: I say there are no figures brought to contradict

THE FIGURES GIVEN IN OUR STATEMENT.

MR WOODS: Will Mr Farris withdraw his statement of bad faith against counsel representing the Province of Alberta to me here on this Commission?

MR FARRIS: I am not being directed by Mr Woods.

MR WOODS: Well, I am asking him if he will, that is all.

MR FARRIS: If I might, Mr Chairman---

THE CHAIRMAN: Yes?

MR FARRIS: If Mr Mothersill states that they have no figures with which they are going to challenge any of our figures, and that is continued--- and Mr Lucas the same, because they are both in the same position.

MR WOODS: I haven't anything to do with it.

MR FARRIS: No, I know that-- I will withdraw any suggestion of that kind: in other words, they, of course, must be accepting our figures absolutely, if that is the case.

MR. VAN ALLEN: That is nonsense.

MR MOTHERSILL: That is perfectly ridiculous.

MR FARRIS: If they haven't any figures, they must accept ours.

THE CHAIRMAN: I think in future, instead of making an agreement you had better have a proper disposition made of it, because apparently questions of bad faith are brought here----

MR FARRIS: That is exactly the reason I said that.

THE CHAIRMAN: Now look, Mr Farris, as I understand it, it was arranged that you would exchange whatever material you had. Mr Mothersill says that you have received all material that he and Mr Van Allen had, part of which

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YOU HAD RECEIVED BEFORE when he came, and that was all he had. Now then you furnish him with certain figures, well the fact that he has nothing to hand you back as he gets it from you does not mean that he is accepting your figures. He must have a time for perusal of your figures and means of checking them up, perhaps tomorrow or the next day. You may find that your figures are not accepted. I don't see where any breach of faith comes in, unless you can show that at the time you were entitled to receive something, something was withheld from you. Now, is that what you mean?

MR FARRIS: Well, I am not a mind reader, I presume naturally--

THE COURT: No, no, you cannot assume then that there was nothing, you are not now assuming that there was bad faith.

MR FARRIS: Well, Mr. Chairman, I think I am entitled to the natural presumption, when they come here charging us with not being entitled to make these cargo rates, then I presume that they must have figures to justify bringing this matter to the attention of the Commission.

MR MOYERSHILL: Mr. Chairman, I told Mr. Farris very distinctly that when I got that from him, that my case, so far as cargo rates was concerned, and up till that time, would be based entirely----- practically entirely on the statement and figures given to me in January by the Harbour Board, and I said those figures and that statement is already in your possession. Now, if Mr. Farris wants me to make out another copy of it and give it to him, I will be tickled to death to do it.

MR FARRIS: I don't want that.

THE CHAIRMAN: Now, that makes it clear, we know what counsel

FOR THE Government of Alberta intend to rely upon in handling the cargo rate case. I don't see any bad faith in that.

MR FARRIS: Then if that is the case, I certainly withdraw my suggestion of bad faith.

THE CHAIRMAN: All right. Now, Mr Van Allen says that the Commissioners have certain correspondence.

MR LUGAS: I might say, Mr Chairman, Mr Farris should not consider that statement too lightly. He refers to it as a statement, as this thing, but it is the result of a very great deal of hard careful work, and there is a lot of very useful information there, if you will look into it.

THE CHAIRMAN: All right.

MR FARRIS: No, I am not considering it lightly at all.

THE CHAIRMAN: Now Mr Van Allen says he wishes to have certain correspondence between different parties, including the Harbour Commissioners. What about that, Mr Farris?

MR FARRIS: Well, Mr Mothersill has been demanding a copy of some 47 different letters-- last night, 47 different letters.

THE CHAIRMAN: Has been demanding, and you refused to deliver them.

MR FARRIS: I stated after what had occurred that there would have to be an application to the Court if there was anything that had to do with the inquiry into these charges, that anything that was ordered produced by the Court I would be very glad to produce it.

THE CHAIRMAN: Now, Mr Van Allen, you say correspondence,

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you had better report the particulars-- correspondence between what parties.

MR VAN ALLEN: The correspondence I am referring to passed between Colin McLean, Superintendent of the Harbour Board Elevator and the Harbour Board, between Mr Cooke and the Harbour Board, and Colin McLean and the Harbour Board.

THE CHAIRMAN: Colin McLean was Superintendent

MR ARBOUR: No.

MR FARRIS: He was superintendent in connection with the Woodward construction.

THE CHAIRMAN: All right, go on.

MR VAN ALLEN: Then I want the correspondence, if any, between J.S. Metcalfe & Company and the Harbour Board.

THE CHAIRMAN: About what?

MR VAN ALLEN: Regarding the plans of No. 2 Elevator.

THE CHAIRMAN: Yes, and anything else?

MR VAN ALLEN: I think that covers it. Does it, Mr Motherwill?

MR MOTHERWILL: Yes, and Major Swan.

MR VAN ALLEN: We have already got that letter that we want.

MR MOTHERWILL: And yesterday I went over the file with Mr. Sloan, and we made a list.

THE CHAIRMAN: Now, what objection have you to produce these, Mr. Farris.

MR FARRIS: I don't know what this has to do with the charges. It is a lot of work to get these out, and I don't want to have any unnecessary work which is for the purpose of-- I don't know if they want it for anything, but I don't object to it. Here is the charge (reading) I am reading that in connection with the Van Allen charges --- you

HAVE already ruled-- if you look at the context, we find that he is referring to Smith & Davidson having a contract for No. 2. Now, Smith & Davidson, or the Pacific Construction Company, or any person connected with them, having nothing to do with No. 2, I don't see what we are investigating about No. 2. I would like to know before furnishing any correspondence, just what charges there are being made in connection with No. 2, so that we will have an opportunity of getting the originals, and going into the whole matter from beginning to end.

THE CHAIRMAN: Just a minute. Who are the contracting parties for Elevator No. 2?

MR PATRICK: The Northern Construction Company, & J. V. Stewart.

THE CHAIRMAN: Now, I think he was asked the question, Mr. Smith himself, as to whether or not Davidson or Smith or Davidson & Smith, had any interest in the Northern Construction Company.

MR WOODS: No, they have not. They are clients of mine, and I happen to know.

THE CHAIRMAN: Or in the Stewart Company?

MR WOODS: No.

THE CHAIRMAN: What is the point in going on with that, Mr. Van Allen?

MR VAN ALLEN: The point is this, sir--

THE CHAIRMAN: They are not represented here?

MR WOODS: No.

MR VAN ALLEN. No, the Northern Construction Company are not being affected one particle by what I am asking for.

The point is this, that I understand that at a certain

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stage of construction---

THE CHAIRMAN: Of No. 2.

MR. VAN ALLEN: Of No. 2, Super-intendant MacLean wrote a letter to the Harbour Board---

MR. WOODS: Wait a minute now, I don't think that the general purport of the thing should be stated.

THE CHAIRMAN: No, what did the letter refer to. How do you bring it in? You say that you are not concerned in No. 2, nor the Northern Construction Company, why does this letter come in?

MR. VAN ALLEN: I want to state that a letter was written with reference to the plans of No. 2, prepared by Mr MacDonald's clients.

THE CHAIRMAN: All right.

MR. VAN ALLEN: Subsequently, apparently on somebody's motion, a man named Cooke, the Superintendent and engineer for the Pacific Construction Company, was called in to criticise these plans, Cooke being engineer---

THE CHAIRMAN: Just a minute now, called in by whom?

MR. VAN ALLEN: That is what I want to find out. I understood he was called in by the Harbour Board.

MR. FAIRB: Yes, sir, we may say that.

MR. VAN ALLEN: Called in by the Harbour Board to inspect and criticise plans which have been prepared by the consulting Engineer for the Harbour Board, the Pacific Construction Company being a rival contracting concern in the same field as the Northern Construction Company.

MR. WOODS: Oh, I see, that is how it comes in. It would really come in under contractual relations.

MR VAN ALLEN: It has a direct bearing— it has a direct bearing on the relation between the Pacific Construction Company and the Harbour Board, because I say the engineer was directly precipitated into this thing to criticize the plans of a firm of the standing of the Metcalf Company. That is the point, that is why I want to see what went on.

THE CHAIRMAN: Of the Metcalf Company.

MR. VAN ALLEN: Yes, the Metcalf Company.

MR WOODS: The general idea then— this is, of course, new to me, just as it is to you— the general idea is, Mr. Van Allen wants to have these letters produced for the purpose of indicating— he thinks that there may be something in them to indicate that the Pacific Construction Company, or Davidson & Smith are stirring up trouble for—

MR VAN ALLEN: For other people.

MR WOODS: For competing people.

MR VAN ALLEN: For competing people.

MR WOODS: If that is the case, I don't see any harm in the letters being produced.

MR FAIRIS: Well, there is—

MR MACDONALD: May I suggest, Mr Commissioner, that this be allowed to stand over until morning, and perhaps the air will cool. I think there is perhaps a lot of fuss and feather here about something that amounts to very little.

THE CHAIRMAN: It is time for adjournment, anyway, as we will adjourn your application until tomorrow.

(Hearing was thereupon adjourned at 4.40 p.m. until
May 29th, 1924, at 10.30 A.M.)

WEDNESDAY, 28th May, 1924.
10:30 A.M.

MORNING SESSION.

J.R. Smith, resumes the stand.

VAN ALLEN: Q: Mr. Smith-- A: Your Lordship, can I make a statement? Mr. Woods last night, I did not have a chance to reply, he informed that I discussed everything with Mr. Molson, that is everything in detail; he impressed that very--I cannot understand how he could think of any statement I made.

JOHN: Mr. Smith, I was simply stating the evidence, the evidence was to that effect by Mr. Molson and I asked you whether you agreed with it in effect, I don't mean every detail, but whether in point of fact his statement that he generally discussed everything with you in connection with the elevator was correct and you said it was. I was simply quoting the evidence?
I would like to correct that.

CHAIRMAN: What do you want to do now? A: That naturally I would not discuss everything with Mr. Molson, because there is so many things in the operation of elevators and shipments that no man would think of--they would know you would know, that would be useless discussion. As far as the operation of the elevator is concerned Mr. Molson is thoroughly familiar with the operation and he is quite a capable man and I would naturally not discuss the internal operation of the elevator. He knows more about it than myself.

CHAIRMAN: What kinds of things he discuss, Mr. Molson

told us, he said--he was very frank--of course, he said everytime he had a chance he discussed matters with you, that he did not know any other grain man when he arrived here because he was a total stranger, and he spoke of your qualifications as a grain man and he said he did discuss matters pertaining to your business with you at the elevator when you were there, and sometimes at the room in the hotel, that is, your statements right along, and I understood him to acquiesce in that. That trouble would be brought you in solution and advice? I was not here for a long time. I was

not here until November, so I could not be discussing things with him when I was not here.

What did you mean when you say in one breath that you did discuss things right along and on the other hand you say something high mean, something entirely different? I have a contract alongside the Government elevator. I can quite understand how you came along side him.

I would float in there and ask him how things were going along and what boats were being loaded and I was interested in seeing what was going out. Many of these grain men here have the same information, they are going there. I have seen all these gentlemen in the elevator at different times and I imagine they would understand the same thing. It is general knowledge.

What sort of advice would he get from you. What did he go to you to be advised upon? At He would discuss things with me exactly the same as any of these other gentlemen.

Mr. HUGHES: That is not what he said.

F.R.I.D.: Yes, I would ask Mr. McLean's evidence to be looked up and that answer to me, because Mr. Woods and Mr. Van Allen suggested to him, their suggestions to him were so unfair to my mind.

CH. I.M.M.: You told us yourself that Mr. Beatty suggested that you ought to give McLean the benefit of your advice and experience and that you did so. There may not be anything wrong in that. Where do you draw the line? You say you did not discuss elevator operations, that he knew all about them?

I discussed what grain was going out and the orders and he would ^{say} naturally that there were so many cars in the yard that he could not unload and things of that description and the question of the volume of grain going through. I was not very much interested in the operations of the elevator, it was how much grain was going through, like anybody would.

CH. I.M.M.: Then you had not much advice to give him, according to what you say now? : Anything he asked me as far as advice was concerned I gave him to the best of my ability.

Give us an idea of what sort of thing you did advise him about? Give us an instance so that we will understand the nature of it? A: Well, he discussed with me at various times, he thought it was the proper thing to be on three shifts on the elevator.

Put on three shifts? A: Yes, to expedite the movement of the grain through there, if possible, to cram any more through the elevator than he was doing and I told him I thought it was the proper thing to do. He was discussing

the question of overtime. It was costing the elevator for having to pay overtime for the overtime hours and he was looking at it from the economic standpoint as far as elevator operations were concerned.

CHIEFMAN: All right, resume your evidence.

MR. ALLEN: Q: Your firm, or your company, the Pacific Construction Company, I understand had the contract for the reconditioning of No. 1. elevator? A: Yes. And you also had the contract--

CHIEFMAN: You say, they have the contract.

MR. ALLEN: They had--

That contract is now completed, Mr. Smith? A: Yes.

CHIEFMAN: Excuse me, my lord, that is not exactly correct; they had the contract for the erection of No. 1 annex. There was no contract in writing as I understand it for the reconditioning of No. 1. elevator.

CHIEFMAN: We were told earlier in the enquiry that insofar as the reconditioning of No. 1. was concerned there was no formal contract made, but part of the work was done by the Pacific Construction Company and part of it by the Board of Harbour Commissioners.

MR. ALLEN: What work the Pacific Construction Company did on No. 1. elevator was done-- well, your lordship is familiar with that, that is, they were ordered to do it and did it on a cost plus basis? Yes, No. 1. annex, the same thing only it was a formal contract.

MR. ALLEN: We have a copy of the contract here sir.

CHIEFMAN: What contract?

MR. ALLEN: The contract for the addition.

MR. CHAIRMAN: You are talking now of the building of the annex.

MR. VAN ALLEN: The annex and the addition are the same thing.

MR. CHAIRMAN: You have been talking of the building of the addition.

MR. VAN ALLEN: Yes, the witness said they had that work.

MR. CHAIRMAN: They had part of it and the Board of Harbour Commissioners did part of it themselves. The contract referred to a different thing.

MR. VAN ALLEN: This contract is for work on the superstructure of the extension of No. 1. elevator.

MR. CHAIRMAN: That is the annex. That is one of the things.

MR. WOODS: No. 3.

MR. CHAIRMAN: Yes, No. 3. in your charges. That means we are taking up charge No. 3.

Mr. Woods, what about the procedure, apparently Mr.

Van Allen is about to begin here the third clause of these charges?

MR. WOODS: Yes.

(Discussion as to procedure)

(witness aside)

Q003: : You have already been sworn Mr. Beattie?

Yes.

Q004: : You are a member of the Harbour Commissioners?

Yes.

Q005: : Since what date? A: About September, 1922. I am not just sure of the date, somewhere in that neighbourhood.

Q006: : September, 1923. Some time, as I understand it, during the spring of 1923 there was a proposal that the Vancouver Harbour Commissioners take over the No. 1 elevator, the present No. elevator? A: Your dates are not right, Mr. Van Allen.

Q007: : Now, what has that to do with the personnel of the staff?

VAN ALLEN: Isn't that No. 2.

Q008: : Just a minute, do you say that is No. 2?

VAN ALLEN: That is the number on the list.

Q009: : Is it relating No. 2. He wants to establish the date that he took charge.

FARRIS: I don't think he can go any further.

Q010: : Mr. Farris, why not let him ask anything.

FARRIS: All right, Mr. Beattie.

Q011: : You want to know when negotiations were started by the Harbour Board to acquire the elevator.

VAN ALLEN: Yes, when was that?

That was talked of in the fall of 1922 and the first week of January 1923 I went east with the Honourable Mr. King to negotiate the transfer of No. 1 elevator from the Trade and Commerce Department of the Board of Harbour Commissioners.

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When was the Order-in-Council passed, do you remember, Mr. Beattie? A: I don't remember the date, it was in January. I think we have it here anyway. At any rate, after you had made this trip to Ottawa you have described--I presume you had already, you had already assurance that the elevator would be turned over to your Board? I think the Order-in-Council was passed before we left. I am not sure, but I think it was.

MR. CHAIRMAN: Q: When did you go to Ottawa?

The first week in January, 1923.

MR. MALLIN: Q: And then having that assurance the question would arise as to the management and administration of the elevator? A: Naturally.

And was it a matter for decision of your Board that a new management and staff would be put in charge of the elevator, Mr. Beattie? A: We did not take any of the staff of the Board of Grain Commissioners. We started over with a brand new staff.

You decided not to take over the staff on the elevator, of the Board of Grain Commissioners, but started with a brand new staff? A: It does not mean that we did not employ any of them.

You started with a new staff? A: The staff was employed by us, not the Board of Grain Commissioners.

MR. CHAIRMAN: That did not mean that you dismissed anybody?

No, I said that. It meant when we took over the elevator, the employees there who were employed in the grain elevator, ~~employees~~ were immediately in the employ of the elevator then; we employed our own staff after that.

MR. MALLIN: Q: Could you tell me offhand how many of the

old staff you did continue on in your employ?

A. No, I cannot.

Q. Can you give me an indication of what portion of the old

staff was retained? A. No, I cannot, Mr. Van Allen, because

the matter of the staff was entirely left with the Superintendent whom we employed.

Q. The Superintendent had not been employed? A. Oh yes, he

had. At the start you are talking of when we took the elevator.

I am talking of when we took over at the end of the crop year.

Q. The Superintendent was given a free hand. A. Also utaly.

Q. Can you tell me what proportion of the old staff that had been there under the Board of Grain Commissioners was retained by you? A: I cannot, I don't know any of the staff under

Mr. Bennett. There was Mr. Parker, the accountant.

Q. He is still there? A. Yes, that is the only man I know worked in the elevator previous to that.

Q. Mr. Beattie, you remember possibly at the end of May or at least some time during the months of April and May you advertised for a superintendent and foreman and other officials?

A. What do you mean, we advertised? Q. The Board did?

A. State who we employed.

Q. You advertised according to the advertisement put in here for a superintendent, foreman and other employees?

A. What other employees did we advertise for. I think I can tell what we advertised for.

MR WOODS: Q: That is the easier way, instead of taking up this time. A. A Superintendent foreman and weighman.

THE CHAIRMAN: These three, superintendent, foreman and weighman

A Yes.

MR VAN ALLEN: I think there was a fourth one.

THE CHAIRMAN: Get the advertisement. It will throw light on whom they considered important employees. He said the free hand only applied to the officials or important employees. You can get that later on.

MR VAN ALLEN: That advertisement ran in several newspapers at the time in Canada in the spring of 1923? A: Yes.

Q. In due course your Board received application from Colin McLean? A: Yes.

Q. Had you any intimation before his application came in that McLean was going to apply for the position?

Q. May I tell a little story?

Q. Just answer the question. A: I have a story to tell in connection with it that opens it up. May I, your honour?

THE CHAIRMAN: Go ahead.

A. When I went East with Dr. King in 1923, we stayed off in Port Arthur and Port William, and knowing that the transfer of the elevator was going to take place I was anxious to learn something of elevator operation. A luncheon was given that day at which I was present and after luncheon the Honourable Dr. Manion of Port William approached me with the idea of employing a man named Mr. Lemay and recommended him very highly. That afternoon I went out to the Northwest Elevator with a gentleman named Mr. Sellers.

Q. Sellers? A. I think that is the name. I think that the manager of the Northwest Elevator Company and I spent the afternoon at the elevator with his foreman and Mr. Sellers was around part of the time and I was enquiring about different men around Port William who were good elevator operators and either Mr. Sellers

or his foreman--

MR VAN ALLEN: What was the foreman's name?

A. I forget. He told me of several people and amongst others he told me of Colin Malcolm and the only reason I remember Colin Malcolm's name was on account of the fact that it sounded like a real honest to God Scotch name. That is the reason I remember.

MR ARMOUR: Are you Scotch?

A. No, I am a Canadian.

MR VAN ALLEN: Go ahead, tell your little story.

A. After that I had three advertisements inserted in the newspapers and got a number of replies, a great many, and discussed with the other Commissioners the appointment of Mr. Lemay whom I favoured for a couple of reasons, and one was the recommendation given by Dr. Maxion and another thing was that he was a brother-in-law of a great friend of mine in the Keeweenaw country and I was very desirous of getting Lemay, but after discussing him fully it was decided that on account of physical disabilities he would not be a good man for us, as he was not physically fit. I then suggested to the other Commissioners that I had heard this man Colin Malcolm spoken of and went into his record and the commissioners after getting certain recommendations from the Mayor of Fort William, Mr. Jones and the rest of them, we decided to offer Mr. Malcolm the position.

Q. Mr. Sellers is an elevator operator at Fort William?

A. I understand so

Q. Can you tell me if he is any relation to Mr. Penfold your assistant superintendent? A. I cannot tell you. I only met him once.

Q. Will you now answer my question? Anyway did you know that Colin McLean would make application.

A. No, I did not know. I absolutely did not.

Q. You knew of Colin McLean before he made application?

A. Just in the way I told you. I had never seen him.

Q. You say a man named Lemay had been strongly recommended by the Hon. Mr. Manion and that Colin McLean had been recommended by -- A. Either Mr. Sellers or his foreman, I forget which.

Q. And then you and your fellow commissioners considered these two applicants and decided against Lemay on account of his physical disability and in favour of McLean on account of what you heard in Fort William?

A. Not necessarily; on account of the recommendations that were sent in.

Q. But when was that decision arrived at Mr. Bontie?

A. The minute book will show that Mr. Van Allen. I don't carry those date.

Q. What does it show?

MR WOODS: The first note I saw was I think on the 12th day.

MR VAN ALLEN: The advertisement of the Superintendent of the elevator, the foreman and the chief weighman --

MR WOODS: What date?

MR VAN ALLEN: It is not dated.

MR WOODS: You have the accounts, that will show the date.

MR FARRIS: I gave it before. I suppose the advertisement is the same as was read before.

MR WOODS: Mr. Van Allen is anxious to know when it was put in. It will be shown in your accounts?

A. That will be shown in the minutes also Mr. Woods, at least, it should be.

MR WOODS: Q. Here are the Minutes, Mr. Beattie. you know them? A. I am not very familiar with them, but I think possibly I can find them. My memory is that it was somewhere about the 15th May, connected with Mr. McLean.

MR FARRIS: Here are the accounts, Mr. Woods.

MR WOODS: It must have been June.

MR FARRIS: These accounts were produced before and I wish it to be expressly noted that I am again reducing them.

MR VAN ALLEN: In the Times Journal of Fort William, Sir, from the 9th to the 22nd May and in the Manitoba Free Press from May 9th and twelve times after May 9th and in the Calgary Herald six times after May 7th. That is all.

THE CHAIRMAN: Next you want to know when they decided ~~the~~ to employ McLean?

MR FARRIS: Are you finished with these accounts? I would like to know if my friend wants them in.

A. The date of the employ I think, was the 15th, moved by Commissioner Prenter and seconded by myself.

MR VAN ALLEN: Was this a matter as between these two men Lemay and Colin McLean? A. Yes.

Q. And you removed the one for one reason and appointed McLean because he had been recommended. All right, but Mr. Beattie, we have evidence here that on the 31st May or thereabouts a petition was presented to your Board by the grain trade of this city asking your Board for very good reasons to retain the services of the then superintendent, Mr. Bennett.

THE CHAIRMAN: When was that? It was presented after Mr. McLean was here. He was present at the meeting when the matter was discussed. It was sent in by letter I don't know when, and the answer was "we have employed Mr. McLean."

MR WOODS: You are under a misapprehension Mr. Chairman, but the letter is in and is dated the 31st May and was acknowledged the 11th June.

A SPECTATOR: It was a meeting of protest by all the grain and shipping men here.

MR WOODS: We will get your evidence.

MR FARRIS: That gentleman went off half cocked the same as he did yesterday.

THE CHAIRMAN: We were told it was a meeting about this petition.

MR VAN ALLEN: Mr. Cole's evidence was that the petition was dated the 30th May and was forwarded by mail on the 31st and was acknowledged June 11th and the evidence of Mr. Cole was also that after Mr. McLean arrived and Mr. London also that a delegation of the grain trade met the Labour Commission in the office at which Mr. McLean was present, and Mr. McLean stated that was July 3rd, and that fixes the date some time in July. Therefore that is the chronology of these facts.

Q. Now, coming back to this petition Mr. Reattie, you had this petition apparently from the evidence we have (already got, by) the 1st June. Now, did your commission pay no attention to this petition. Did you refuse to take any action upon it in any way, notwithstanding the strong recommendations of the Grain

A. We got a great many petitions. I don't just remember this one. What I remember in connection with this was

the meeting of protest after Mr. McLean was employed. I may have a recollection of it but it would not make a difference. We retained the employees whom we wished because we were responsible for the operation. We don't go out and dictate to the Merchants' Exchange whom they shall employ. The biggest corporation signing that petition, I had a personal letter from one of the officials repudiating that signature and stating that they did not propose to interfere in the employing of employees in any other corporation.

Q. Did you have anything against Mr. Bennet in not giving him the position? A. Yes, I can tell a little story on that. I may say that I have nothing personal against Mr. Bennett at all, but I had met Mr. Bennet two or three times and I realized that I could not work with Mr. Bennett harmoniously, we were not adapted to get along together.

Q. What do you mean you could not work with him?

A. I could not work with him?

MR. COMMISSIONER MAGUIRE: Q. You were the superintendent of the harbor? A. Not at that time, I was commissioner. I realized that I could not get along with him as commissioner. I also came back from the east, there was a letter from Mr. Bennet in which he stated that if the elevator was --

MR. GOODS: Is the letter here?

A. I think it is here

Q. Let us have it. It is in the file here.

A. We can get that letter. I can give the contents of it.

MR. FARRIS: We will produce it later?

A. I think it has a bearing on the answer.

THE CHAIRMAN: You asked him the reason why he did not pay attention to the petition and did not get his answer on it. He has now referred to a certain letter. Where

is the letter:

MR FARRIS: I will undertake to produce the letter. I haven't it here, but I will get it.

THE COMMISSIONER: What influence had the letter on you?

A. The letter in my own language stated that if we had the million and half capacity in No 1 Elevator, that under the most favourable condition we could hope to put through 4,000,000 bushels a month. From what I had learned about elevator operations, which was not very much, I will admit up to that time, I came to the conclusion that if that was all Mr. Bennett could put through in Vancouver for us he was not suitable for us, because I was satisfied we could do a great deal better. I wish to state that I have nothing personal against him. Another thing, when the elevator was turned over to us in January in Ottawa, Mr. Lindly Boyd asked me if we would be retaining Mr. Bennett and I told him I did not think so.

MR VAN ALLEN: When was this? A. In January 1923, I told him I did not think so, and he said he was very glad, because Mr. Bennett was a very good operator and they wanted him themselves.

Q. As a matter of fact, he is now Superintendent of the Calgary Elevator? A. I don't know, I have heard so.

Q. Now, Mr. Beatty, prior to the time Mr. McLean arrived to take up his duties as superintendent, did you discuss his appointment with Mr. Smith? A. I never discussed Mr. McLean's appointment with Mr. Smith at any time.

Q. Did you discuss his appointment with anybody other than Sellers? A. I did not discuss his appointment with Sellers.

MR WOOD: Asked him if he discussed it with anybody.

MR VAN ALLEN: Will you answer the rest of the question?

A. What is the question?

Q. With whom if any you discussed the application of Mr. McLean for the position of superintendent of the elevator.

A. No person but my fellow commissioners and possibly the Secretary of the Board.

Q. You discussed it with nobody? A. No.

Q. Did anyone make any recommendations to you in order to assert or promote the appointment of McLean as superintendent? A. You have these letters of recommendation.

Q. Other than these? A. No sir, outside of Mr. Sellers or his foreman.

Q. There were no verbal recommendations? A: Absolutely not on side of those I have told you.

Q. Now, you have heard the evidence of some of the other witnesses. Did you discuss the appointment of the assistant superintendent Mr. Penfold? A. With Mr. McLean

Q. Or with Mr. Smith.

THE CHAIRMAN: Have you finished with McLean now?

MR VAN ALLEN: Yes. What is the answer?

A. What is the question?

Q. Did you discuss the appointment of Penfold with either McLean or Smith or any other person who recommended him?

A. I discussed it with Mr. McLean.

Q. Shortly after Mr. McLean's arrival.

A. The minute book shows that Mr. McLean was authorized to an assistant superintendent or foreman. It was left to his discretion to make recommendations to the Board and he made the recommendations.

Q. And you discussed the matter with Mr. McLean? A. Yes.

Q. Whom did he recommend. A. Mr. Penfold.

Q. Without hesitation? A. I think there was a letter afterward.

Q. As I understand there were several applications for Penfold's job? A. A bunch of them.

Q. As soon as -- that there was no delay in picking Penfold out of this crowd? A. You will have to get Mr. McLean for that.

THE CHAIRMAN: McLean said he took the applications home and looked them over and said he selected Penfold. Are you going through them?

MR VAN ALLEN: I am asking for the selection of Penfold.

THE CHAIRMAN: Mr. McLean said that. I don't know what it means, with no hesitation. He said he wanted a free hand and they gave him the file of applications and he took them away and there was about hundred, a great number he meant, and he selected Penfold. That was the evidence.

MR VAN ALLEN: Very good.

Q. Was there any written recommendations accompanying Mr. Penfold's application, Mr. Beattie? A. I don't know I never saw his application in my life.

Q. You did not see his recommendations? A. No.

Q. You took McLean's word for it entirely and thereupon he was appointed by the Board. A. Yes.

Q. Now, will you tell me this; you were more or less giving more attention to the grain facilities in the port than the other two commissioners, in other words, was there a division of responsibilities among the commissioners, whereby you gave more time and attention to the grain handling facilities than your brother commissioners?

MR FARRIS: I think that the internal arrangements of the

Board have nothing to do with this.

THE CHAIRMAN: There is no objection to that question, Mr. Farris, that I can see. It arose a few days ago and the same objection was taken.

MR FARRIS: I take it again.

THE CHAIRMAN: Go on.

A. The day that the new commission was sworn in the old commission gave a luncheon.

THE CHAIRMAN: What was the date.

A. The first of September I think, 1922 and at that luncheon I stated that I was going to pay particular attention to the grain handling facilities of the port for the reason that I had a fairly large farm in the interior of British Columbia and I had been farming in Alberta for the last fifteen years having in the neighbourhood of 2,000 acres there and naturally I was very much interested in grain and at the time of my appointment the Calgary Herald and the Lethbridge Herald came out with front page comments that they were very glad that some person who knew of Alberta conditions was going on the Harbour Board in Vancouver. I had been living adjacent to the grain country all my life and I was a practical farmer and I naturally took a great interest in grain.

Q. What is your profession? A. I have done a great many things in my life. My profession is that of druggist. I have been farming. I have operated an electric plant, telephone exchange and mining and a great many things.

Q. At any rate you actually had an arrangement from the start that you were to give more of your time and attention to grain handling in the harbour.

A. Last summer was a mighty busy summer for the

Vancouver Harbour Board and very few people realize how things jumped, and there had to be a division of the work we were preparing a new cargo rate tariff and Col. Kirkpatrick took charge of that. We were having a small railway, not long but very wide, and Mr. Prenter took charge of that and the grain was left to me.

Q. Mr. Prenter was given the terminal railway and Col. Kirkpatrick was given the cargo matter and you looked after the grain? A. Which was mutual; understand.

Q. That means the grain handling facilities of the port. I suppose that is what brought you into such direct touch with Mr. McLean and the staff? A. I don't think I have been in very close touch with Mr. McLean, any closer touch than any of the others, and it was very seldom that I would go near the elevator.

Q. You suggested Mr. Penfold was appointed on Mr. McLean's recommendation and you accepted his recommendation?

A. Not any more than any other commissioner.

THE CHAIRMAN: He said that that was discussed in the meeting.

MR VAN ALLEN: Is there anything in the minutes of the commission which would indicate this division of responsibility? A. No, it was a mutual agreement.

Q. Does that arrangement still prevail at the present time?

A. No, it does not, not to the same extent. I was appointed on November 15th general superintendent of the Harbour Board operations and since that date I have had more or less control over all these, I think, except cargo rates and Col. Kirkpatrick is handling it and is still handling it.

THE CHAIRMAN: Q: You were appointed General Superintendent of the Harbour Board operations on what date.

A. On November 15th.

Q: Last Year, last Fall. A: Yes.

Q: All right.

MR. VAN ALLEN: Q: Do the three commissioners give their whole time to the work? A: No, Col. Kirkpatrick and Mr. Prenter are not supposed to give their whole time.

Q: What part of their time do they give to the work.

A: Whatever time is necessary.

Q: What does that mean? A: Hold meetings twice a week. We have many conferences and delegations and consultations.

THE CHAIRMAN: I suppose they will know themselves. How much does Mr Beattie?

MR. VAN ALLEN. Q: Do you give your whole time to it?

A. Every minute, night and day.

Q: And you are now occupying the position of commissioner, as a member of the corporation of the Vancouver Harbour Commission. A: Yes.

Q: And you are also holding the position under the Board, of general superintendent for the port? A: No, not the port, general superintendent of Harbour Board operations.

Q: Now, what salary do you receive as commissioner?

A: \$4000 a year.

Q: What salary do you receive as superintendent?

A: \$4000.

Q: What salary does the chairman receive? A: Six, I think.

Q: And the other commissioners? A: \$4,000.

Q: What salary does the Secretary receive? A: \$5,000.

Q: Does he give his whole time? A: Yes.

THE CHAIRMAN: How much? A: \$5,000.

MR. VAN ALLEN: Q: What salary does the chief engineer receive?

A: \$5,000 he receives.

Q: He gives his whole time to it? A: Yes.

Q: The chief engineer is a professional engineer.

MR. PATRICK: Now, Mr. Chairman, I don't know where my friend is going to and that is why it is necessary to interrupt.

We are dealing with the manager and staff of No.1 and what has this to do with it. I cannot see.

THE CHAIRMAN: WHAT are you trying to prove, Mr. Van Allen?

MR. VAN ALLEN: Mr. Beattie brought it up himself, he mentioned that he held the two positions.

THE CHAIRMAN: You asked what salary he was getting and the others. I don't see the point.

MR. VAN ALLEN: I understood all the commissioners were giving pretty much the whole time to the work and this is the first time I have heard they are not.

THE CHAIRMAN: Go on.

MR. VAN ALLEN: Q: Now, Mr. Beattie, you have a man in No.3 elevator, named Mr. King? A: A temporary employee, yes.

THE CHAIRMAN: That is Sam King.

MR. VAN ALLEN: Yes, Was his appointment discussed by you with McLean? A: McLean recommended him.

Q: Recommended him to you. A: To the Board.

Q: Did anybody recommend him to you or the Board?

A: McLean sent in his recommendations consistently to the Board and almost invariably, well, I don't know where they have not been acted upon.

Q: All of McLean's recommendations were acted upon?

A: As far as I know, I don't know of any yet that have been turned down.

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Q: In the case of the recommendations by McLean, have you ever sought other recommendations to check up?

A: No, McLean was given a free hand and was told to get results, and if he did not get results we would take it away from him, and he got results and we let him entirely alone.

Q: In the case of Hamilton, the weighman and Douglas Thompson and so on, did McLean recommend these men?

A: No, he was given a free hand to hire them. I don't think that Douglas Thompson worked for the Harbour Board. He was employed in the reconditioning of No. 3 elevator, and was in charge of that work.

Q: Did you ever discuss the appointments with Mr Smith that is to say of King, Hamilton and so on? A: No, never discussed it with Mr Smith.

Q: Never at any time? A: No.

Q: Did you discuss it with anyone else who in any way recommended them? A: No, we were too busy to run around entering into these discussions.

MR VAN ALLEN: All right.

THE CHAIRMAN: Anybody else?

MR WOODS: Q: Mr Beattie, I want to get at how it came about that Mr McLean was appointed. I am not going to bother about anything else but that just now. That is the thing on which the question arises. The first thing I see here referring to it in the minutes, apparently Mr. Bennett was talked about as superintendent of No. 1 elevator at the meeting in here on the 8th of June. There is this minute here, "On the motion of the chairman, seconded by Commissioner Prenter, Mr Bennet was appointed superintendent of elevator No.1 at a monthly salary of

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\$500, the appointment to take effect at the 1st of August. Commissioner Beattie while not supporting the resolution expressed himself as being quite satisfied that Mr.Bennett is a capable man for the position? A: Yes.

Q: That was on the 8th of June. Now, at that date---

A: That is not general superintendent.

Q: No, that is superintendent of Elevator No.1?

A: Foreman, really.

Q: I just want to get the chronological order of it. The letter with petition; There was a letter that came to the board that has been put in here strongly recommending the appointment of Mr.Beattie?

A: Bennett, you mean.

Q: Yes? A: Yes.

Q: Here is the thing, here is the 31st of May. Let me see the acknowledgement of it. This is a letter addressed to the chairman dated the 31st of May and is a petition signed by all the exporters and grain shipping companies in Vancouver recommending that your Board favourably consider the appointment of Mr.Bennett as superintendent of the grain elevator under your charge. That is the 31st of May? That was signed by Mr.Cole.

MR FARRIS: I don't think that should be used against Mr.Bennett.

MR WOODS: This is not a lawsuit, we are investigating a thing and we want to find out what is back of it all. This petition was dated May 31st about Mr Bennett, who up to that time was the superintendent of the elevator under the Board of Grain Commissioners and quite obviously had received the endorsement of all the grain shipping interests here. Do you remember when that came to your

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notice or the Board's notice? A: No, I don't remember the date.

Q: It is acknowledged on the 11th of June by Mr. Harvie. Would that petition have anything to do with this. Was it before you then that was done? On the 8th of June he was appointed to the superintendency of No. 1 elevator? A: There is a story in connection with that. We offered Mr. Bennett the position of foreman or superintendent of No. 1 elevator. He did not want to work a hardship on him. He lived in town and he was offered that position, I understand, at an increased salary.

Q: I want to get the chronological order. By the way, how much was the increase? A: I don't know what his salary was.

Q: It was \$100 a year? A: What?

Q: It was \$100 a year? A: What?

Q: The increase he was offered? A: I don't know.

Q: On the 8th of June he was appointed, it says here, superintendent of elevator No. 1 at a salary of \$300, the appointment to take effect as of the 1st of August. Do you remember whether he refused that appointment?

A: He surely did.

Q: He did. He refused the appointment at a salary of \$300. A: That is my recollection, that he did.

Q: And you did not support the resolution, but you were satisfied Mr. Bennett was a capable man for the position?

A: If he had a good superintendent over him, yes.

Q: The minute is correct any-way? A: Yes.

Q: That is at \$300 a month. Do you recollect what he was getting under the Board of Grain Commissioners, at least-

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A: I don't remember. I understood that was an increase.

Q: You don't remember how much of an increase? A: No.

Q: I am told-----

THE COURT: We can easily find out.

MR WOODS: The next minute I see is on the 15th of June, the next minute that is made here. On motion of Commissioner Prenter, seconded by Commissioner Beattie, Colin McLean was appointed superintendent of grain elevators at a salary of \$5,000 per annum, his appointment to take effect as soon as he is able to report for duty. That is what the minute in the book is, and to complete that McLean matter on the 19th of June there is a note to this effect, that there has been a telegram received from Colin McLean accepting the appointment, and the minute of the 22nd of June shows that a telegram was received from Colin McLean that he was reporting for duty on the 3rd of July, and the Secretary was instructed to write the Grain Commissioners advising that McLean be placed in charge of elevator No. 1 immediately on arrival stating that the Commissioners were willing to satisfy Bennett with one month's pay to the middle of July. So far as I can see that is all there is in the minutes about the appointment of McLean.

A: So far as I know.

Q: So that on the 15th of July he was appointed. Now, his application has been put in dated on the 14th of May and there are attached to it, but quite obviously did not accompany it, because they are dated on the 11th of June, these letters, one from J. P. Jones, one from F. Symes, one from Harbour Master Siegel at Fort William and one from Newton Edwards, the Mayor of Fort William. Do

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you remember when they came to you? A. No, I don't remember.

Q. They are dated on the 11th June of that year, do you see. Do you recollect whether they came to you before the 15th June? A. I don't know. They must have come before the 15th I should say.

Q. Why do you say they must have? A. We acted on them so far as I remember.

Q. Do you remember whether you acted on them or not? They are dated on 11th June and at the meeting on the morning of the 14th of June Colin McLean was appointed to the position. Do you remember whether you had these letter before you at all?

A. No, I don't. Just a minute. Something comes to my mind. Mr. McLean sent a wire, if I am not mistaken, that he was sending recommendations from these people.

Q. There is no wire on the file and he did not mention it at all? A. It seems to me there was something of that kind.

Q. He told us nothing about that?

A. I may be wrong, but that is my recollection.

Q. Is that what happened? Does your recollection go far enough to tell you that it was on his wire you acted without receiving the document?

A. I think we must have had the documents before his appointment.

Q. You see they are dated on the 11th June?

A. That is four days clear. We would get them in four days.

Q. The meeting was at 10.30? The mail gets in at 8.

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Q. I want to know whether you did or did not have them?

A. We surely had assurance that the recommendations were coming or else they were there, either one or the other.

Q. Do you remember anything about them. A. No, I don't Mr. Woods, because there were so many.

MR FARRIS: I think he got that from Col. Kirkpatrick.

MR WOODS: The Secretary had the notes. I have the whole file of applications for the position as grain elevator superintendent etc, and that telegram, if there was any, would be in this file or should be. That is its home.

A. Yes, I don't write those telegrams or receive them.

Q. There is nothing in the file of that character. Now, Mr. Beattie, I see that preceding this file there are a list of people whose names were mentioned. There is a double copy of it so that I can put this one in, for the position of grain superintendent. Apparently Mr. McLean's application is there. It is in the list. It was removed on May 2nd of this year by somebody and handed to Mr. Farris. That is the one that was handed over to Mr. Farris and was probably got for the purpose of this enquiry. So you had applications from all those people for the position of superintendent?

A. I presume so. I never went over the list myself.

Q. You have no reason to suppose it is an incorrect list? A. No.

THE CHAIRMAN: What is this?

MR WOODS: It is a list of the people who applied for the position, and I am just handing it in to see how many there were.

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Q. You were not limited as to your choices. I have not counted them up. While we are on it, you spoke about a gentleman named Lemay, somebody spoke to you about it, Mr. Sellers, was it? A. The Honourable Dr. Munion.

Q. Was that when you were at Port William? A. Yes.

Q. And I see that this Mr. Lemay accompanies his application with letters of recommendation that are on the files here, quite strong ones, from Mr. Lindly Boyd, the present Chief Commissioner of the Board of Grain Commissioners Dr. Robert McGill now Secretary of the Winnipeg Grain Exchange, John George Seris, Chief Inspector and J.C. White, Chief Weighmaster, under the Board of Grain Commissioners. Who were they recommending?

A. Mr. Lemay.

THE COMMISSIONER: We are here for only one reason. We are not here because this Board employed whom they liked, we are here because it is alleged that in taking certain people who were discredited because they were connected with Davidson & Smith, or because they were connected with some sort of trouble previously. That is the only reason we are here. Is it worth while going much farther with this?

MR WOODS: All I want to find out from Mr. Beattie that having regard to the fact that they had this recommendation from the shippers all recommending the man who was here--

THE CHAIRMAN: It was their elevator though.

MR WOODS: And the fact that they had this number of applications for this position and many who were supported with these kinds of recommendations.

THE CHAIRMAN: You told us Mr. Lemay was physically

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disqualified.

MR WOODS: I want to tell you my desire is to find out how it came about that the Board of Harbour Commissioners chose McLean out of a large number of people without, if they did not ever see him, without knowing any more about him than appears in those four letters dated 11th June, what was the reason for doing it. That is what I want to get at. If you think it is important I will proceed, and if you think it is not important I will cease the examination.

THE CHAIRMAN: You told us what the reason was.

A. I supported Mr. Lemay first.

THE CHAIRMAN: But he said Mr. Lemay was disqualified.

MR WOODS: What were his physical disqualifications?

A. It is too bad to discuss it. Mr. Lemay today is what you may term a physical wreck from locomotor ataxia.

Q. I am interested in why it was with all of the grain trade in the port recommending the former superintendent, I am not throwing any reflection on the present management of the elevator by Mr. McLean, I am going back to June 15th when you had never seen McLean or any other applicant. You talked to him?

A. No.

Q. You never visited him at Fort William when you had the talk with Dr. Manion?

A. Dr. Manion did not recommend him.

Q. The only persons who mentioned him apart from the letters of recommendation was Mr. Serrals?

A. Or his foreman.

Q. In the casual talk when you were at Fort William?

A. It was a casual talk lasting possibly an hour or an hour and a half.

Q. What did he say? A: That he was a very good operator.

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a very fine fellow and physically strong.

Q. You had their statement from the foreman?

A. Or Mr. Sellar himself.

Q. You had Mr. McLean's letter which we have here. You are not sure, but you think you may have had three or four letters annexed to that dated the 11th of June?

A. Mr. Kirkpatrick can clear that up. I am not clear on it.

Q. All right. You are not clear on it. Nobody else had spoken to you about Mr. McLean?

A. Absolutely not.

Q. You did not know about his experience as an elevator operator? A. Except what I gained at Fort William.

Q. Except what you told us that the foreman for Mr. Sellar or Mr. Sellar said to you, and you have given us that as near as you recollect? A. Yes.

Q. You had the whole of the grain trade in port asking that Mr. Bennett, the former superintendent, be continued? A. Yes.

Q. You had applications on file from 76 different people most of which I find were accompanied with recommendations of one kind or another. The, can you tell us how you happened to chose on McLean?

A. I think I have already told you.

Q. Tell again? A: Why the use of going over it?

THE CHAIRMAN. Q. Tell us again?

MR. WOODS: Q. You told us because you liked his Scotch name? A: Yes, that is the reason for remembering his

Q. Is that the reason you chose him?

MR. HARRIS: He did not say that. He did not suggest he

chose him because he had a Scotch name. He said that when the application came before him he remembered that particular name as the name of the man referred to him in Port William. Mr. Woods' question is most unfair. MR. WOODS: Q. You told us that you liked his Scotch name? A. I said that was the reason I remembered his

Q. Then, tell us why you favored his appointment out of those seventy odd people in the face of the strong petition from the Board of Trade?

A. I did not favor him at first. I favored Mr. Lemay and my second choice was McLean.

Q. And you found that he was not available?

A. He was available, but not physically fit.

Q. And your second choice was Mr. McLean?

A. Absolutely.

Q. Why was your second choice Mr. McLean in the face of the petition of all the trade and in the face of the seventy applications? A. As far as the petition is concerned I think I explained before that the Board of Harbour Commissioners reserved the right to employ whom they wished and that they must get results, and as far as the Merchants Exchange or any section of it dictating whom the Board of Harbour Commissioners shall employ, may influence the commissioners, it may influence the other commissioners, but it will not influence me. I am the responsible party.

Q. Here are the people who are the shippers through the port who unanimously request you to retain a man who

has been the elevator operator and who they say has given excellent service and ~~they~~^{you} do, as your second choice, after Mr. Lemay, you do favor the appointment over him of another man whom you never met and the only knowledge of whom, you state you acquired from this general talk you have mentioned to us at the head of the lake with Mr. Sellers or his foreman, and those papers on file out of some seventy applicants/ I confess I would like to know why you did it?

A. In the first place, I do not know a single applicant on the file outside of Mr. Lemay.

Q. And you did know Mr. McLean? A: I said outside of Mr. Lemay. I had never met or seen any of those applicants; Mr. Lemay I had met in Port William and Mr. McLean I had not met.

Q. Nor any of the others? A: No.

Q. Give us all of your reasons, the whole of them why you favored Mr. Colin McLean?

A. For the reasons I have already given.

Q. You might repeat it again. I have not gotten it, myself.

MR. FARRIS: My friend has asked ten different times and Mr. Beattie has answered patiently and I think my learned friend is going too far in his prosecution method.

THE CHAIRMAN: The point is this, of course, there were seventy applicants, each one was recommended and there was Mr. Bennett. That is one thing that can be asked, why did he not reappoint Mr. Bennett. He has told us why and I don't see why he should tell us again. Now, there were seventy others. What is the point? Are

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you going to eliminate them one by one as to why he did not appoint John Smith or Peter Brown.

MR. WOODS: I want to know why this man was picked on.

THE CHAIRMAN: He said that he had been to Fort William and had heard him mentioned by Sellers or his foreman and later he described him as a strong man physically, a qualified man and a good man and his Scotch name struck him, and when he came here, he remembered McLean.

MR. WOODS: I want to know if that is the whole story.

THE CHAIRMAN: You say there were seventy others, and unless you go to each of the seventy others and find out, find out as to each one and as to why he was put aside--- what else could he tell.

MR. FARRIS: Now, Mr. Chairman --

MR. WOODS: May I be permitted to proceed?

THE CHAIRMAN: Go on.

MR. WOODS: Q. Was there a process of elimination in regard to others? A. Not so far as I am concerned.

Q. You did not go over them at all? A. No, I did not go through them. I was too busy and the time was too valuable to go through seventy applications.

Q. The commission did not eliminate one from the other?

A. No, there were only two names ever discussed, so far as I know.

Q. Who was Lemay? A. So far as the three of us are concerned, Col. Kirkpatrick and Commissioner Prenter may have.

THE CHAIRMAN: That is Lemay and McLean? A. Yes, and naturally when we looked for a superintendent we went to the head of the lakes for one.

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MR. WOODS: Q. And the Chairman summarized all the reasons for your choice of McLean? A. All that I remember at the present time, yes.

Q. Now, Mr. Beattie, there has been some evidence given by Mr. Smith, I suppose you will be able to give some information on, on another branch of this No. 2?

MR. COMMISSIONER MCGIBBON.

Q. I have two or three questions. I have not got Mr. Lemay's application. Had he ever been the superintendent of a public terminal elevator on the waterfront?

A. I don't know.

MR. WOODS: The application is here and speaks for itself.

MR. COMMISSIONER MCGIBBON: Q. You don't know whether any of the other men had been superintendent of a terminal waterfront elevator? A: As I said, Doctor, I did not go through these applications.

Q. Do I understand from that the Board did not go through them? A. I imagine Mr. Prenter and Mr. Kirkpatrick devoted more time going through them.

Q. I want to know, was it the subject of examination?

A. Of the applications?

Q. Yes, with a view to seeing whether they could get a man who had experience as a terminal waterfront operator?

A. That would be done on the Board, you very often leave it for the Secretary to go through and he will give a summary of the applications and then you take that summary and go through them.

MR. WOODS: That was done.

A. I don't think so in this case, I don't know

MR. COMMISSIONER MCGIBBON:

Q. The other point, Mr. Smith stated that he and Mr. Gale

travelled in September, east from Fort William?

A. On the same train, not the same car.

Q. And there discussed Mr. Bennett's appointment?

A. No, Mr. Bennett's appointment was not discussed in September because he had left the City, I understand.

MR. WOODS: That was in September after the appointment of Mr. McLean. Were you with Mr. Smith and Mr. Gale?

A. We were on the same train.

Q. Did you go to Ottawa on the same mission. Did you happen to be fellow travellers? A. Yes.

Q. It was purely accidental was it? A. Yes.

MR. COMMISSIONER MACGIBBON: Q. Perhaps I am mixed in the year. You visited Ottawa in September? A. In 1923.

Q. And this was the succeeding September?

THE CHAIRMAN: Are we talking of September 1923?

A. That is the time I went to Ottawa.

MR. FARRIS: The time he was in Fort William was in January 1923? A. Yes.

THE CHAIRMAN: What happened was this, Mr. Smith in the box began to say he had a talk with Mr. Beattie in Ottawa he talked in July 1923. Mr. Beattie from the gallery corrected this by saying it was September, because in September he went to Ottawa. Is that the point?

MR. COMMISSIONER MACGIBBON: Yes.

THE CHAIRMAN: What was that you were talking about?

A/ What?

Q. Mr. Smith said that he seen you and spoke to you in Ottawa? A. Just casually met.

Q. Was it about this appointment. A. The appointment was made at the time.

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MR. COMMISSIONER MACGIBBON: I understood the trip to Ottawa was in the fall of 1922?

A. In January 1923. I went to Ottawa the first week of January 1923.

MR. WOODS. I was questioning Mr. Smith as to whether he had seen Mr. Beattie at Fort William and he said that he it was at Fort William or Winnipeg, and Mr. Smith said that he was not here in Vancouver from May sometime until the following November, and my memory, I was questioning him as to whether he had seen Mr. Beattie anywhere else than in Vancouver. This is on the point as to whether he had talked to Mr. Beattie about the department and Mr. Smith said he saw him in July, he thought in July, in Fort William.

THE CHAIRMAN: No, in Ottawa.

MR. WOODS: And Mr. Beattie interrupted from the gallery to say that was in September and Mr. Smith corrected himself by saying that Mr. Beattie's memory would be better than his, than it was when they travelled to Ottawa, as I understood him to say, together.

A. No, I am afraid you have a little mixed. There was a party of us left here on different missions to Ottawa.

Mr. A. B. Macdonald, Mr. Gale, Mr. Macpherson and myself and a gentleman named Andersen who was in the timber business. After leaving Fort William, after I woke up one morning I went back to Mr. Gale's stateroom and Mr. Smith was there.

MR. WOODS: I don't think that it amounts to anything except as to the misunderstanding Dr. MacGibbon had about the date. I want to ask you about some statement made by

Mr. Smith yesterday.

THE CHAIRMAN: Pardon me.

MR. COMMISSIONER MAGGIBON: Q. The other point arising out of Mr. Smith's evidence that he discussed general elevator practice with you, that is Mr. Smith, and that you had a suggestion that Mr. Smith would give advice to Mr. McLean. Now, the point I am trying to get at is this, all of the appointments I left to Mr. McLean and he gets advice from Mr. Smith?

A. Not at all sir, you have it wrong, I am afraid.

Q. All the leading appointments? A. All appointments were left to Mr. McLean. The leading appointments were referred by Mr. McLean to the Board and confirmed. The minor appointments were made by him without consultation with the Board at all.

Q. He looks after it that way? A. Yes.

Q. And he goes for his advice to Mr. Smith?

A. That is his business.

Q. About general elevator-- A. I would like to explain that Doctor. Last December we had a very big rush of grain in here and my fellow commissioners Kirkpatrick and Mr. Prenter were South at New Orleans. I had to go to Edmonton and things were fairly tense. I met Mr. Smith on the street and I said, "If you can give Mac any advice while I am away or help, I would be glad." That was the only time I ever asked him for advice and that was on account of the three commissioners being out of the city.

MR. WOODS: I did not get the statement by Mr. Smith, I don't remember the exact limits about it, that Mr. Smith said

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that Mr. Beattie had asked Mr. McLean to come to him for advice.

THE CHAIRMAN: Mr. Smith said Mr. Beattie had asked him to help McLean out.

MR WOODS: With advice from time to time? A. No; on that one occasion.

THE CHAIRMAN: A matter of guidance. Smith told us this morning. He gave us instances where McLean consulted him about three shifts and also about overtime and things of that sort.

MR WOODS: Mr. Beattie, Mr. Smith told us that you have known each other for twenty-four years? A. More than that.

Q. Longer than that? A. Yes.

Q. He has told us also that you, I understand from his statement that you had shipped some grain to him?

MR FARRIS: Where does that come in?

THE CHAIRMAN: It is in.

MR WOODS: That is an attempt to try and stop the thing being examined on.

THE CHAIRMAN: It is already in yesterday.

MR FARRIS: I want to have this matter cleared up. If this is part of No 2 charge I want it brought out.

THE CHAIRMAN: It is part of No 2.

MR FARRIS: I cannot see that it is referred to in the charge.

THE CHAIRMAN: Mr. Smith was asked about it yesterday and you allowed it to be asked.

MR WOODS: I am not sure that you did not ask it. I do not understand the attitude of counsel for the Harbour Board. We have to ask as to everything that has to be enquired into. We have the statement it has been made, and no

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doubt Mr. Beattie is the one person who would be desirous of having it cleared up, as to grain being shipped to himself. Mr. Smith was in the box and he said that Mr. Beattie could tell about it and when he is asked about it Counsel for the Harbour Board takes up all this time arguing about a perfectly legitimate question.

MR FARRIS: I object to the question of my learned friend that I am trying to withhold anything. I have given every assistance to counsel from the east. They are here to try and prosecute and blacken this port.

THE CHAIRMAN: To whom are you referring?

MR FARRIS: To Mr. Van Allen who has made unfair, insinuating charges in Winnipeg accompanied by Mr. Mothersill and referring to the attitude taken by Mr. Woods in making the suggestion as he did just now--

THE CHAIRMAN: I don't see that he was making any suggestions just now.

MR FARRIS: That I am withholding and attempting to block the enquiry. That is most unfair.

THE CHAIRMAN: When Mr. Woods asks a question of Mr. Beattie which is perfectly legitimate and which gives Mr. Beattie fairly the opportunity of explaining, which Mr. Smith said he could, and you object, it is not ^{to} be wondered at that these reflections can be taken a certain way.

MR FARRIS: I suggest when Mr. Beattie came on the stand, I asked what he was going to be cross-examined on, it was on this formal thing and it was so ruled, and I said that all matters were going to be cleaned up after.

THE CHAIRMAN: We are on No. 2.

MR FARRIS: Has it anything to do with it?

THE CHAIRMAN: Yes, if anything at all.

MR FARRIS: Any general things should be cleaned up at the end of the enquiry.

THE CHAIRMAN: We are talking about the personnel and the management of the staff. We would not be here at all under ordinary circumstances. The Harbour Commission got the elevator, and have got elevator employees and can employ whom they like. They pay the salaries and are responsible and can do what they like. It is none of our business whether they should employ one out of seventy applicants or two out of sixty-nine, but we are only here because it is alleged they employed certain people for an improper motive, and because of the undue and improper influence of Davidson & Smith, and that is why we are here, or that these men had been discredited. That is the whole thing now, but here we spend a great deal of time taking evidence from a great number of people including Mr. Smith to show what the relation between Mr. Smith and the members of the Harbour Commission are, and incidentally Mr. Smith spoke of some wheat sold; it does not matter who brought it up; it was admitted in evidence and now Mr. Woods is asking Mr. Beattie to give his version.

MR FARRIS: I say that it should not come in on No 2. It should come in at the end in the general cleaning up at the end of the enquiry.

THE CHAIRMAN: There will be no general cleaning up at the end. We are taking these charges, charge by charge. Does Mr. Beattie refuse to answer?

A. No; I will be glad to.

MR WOODS: In fact, you want to answer?

A. Oh, sure.

Q. Will you state to me what the facts are in respect of the shipment of grain, as I understood Mr. Smith stated it was shipped to you, consigned to you at Vancouver?

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A. Yes; there were two consignments, Mr. Neale. I have a farm, or at least the Beattie Murphy Company limits of which I am President own a farm in the interior of British Columbia near Cranbrook. I had that farm leased last year on a crop basis, that is so much, I get one third and the operator gets two thirds, and my part of my share I had it loaded into a car along with some wheat grown on an adjoining farm, in which Mr. A.B. Macdonald has an interest. We loaded the car jointly and the car was shipped to the elevator at Vancouver to my order, and I was very busy at the time and neglected it. One day I called McLean up and I said --

Q. It was loaded into the elevator from the car and remained there how long? A. That is what I am getting at. I am afraid it lay there quite a long time. I 'phoned Mr.

McLean one day and gave him the car number and told him I was expecting a car of wheat and to let me know when it came and to give me the warehouse receipt. He 'phoned back after a while that that car had been unloaded three or four days before. That was alright. I got my warehouse receipts from the elevator and packed them around quite awhile, being busy, and I met Mr. Smith one day on the street, or some place and I said, "I wish you would dispose of this for me, I don't know much about selling wheat."

Q. Is Mr. Smith a wheat broker here? A. Not that I know of.

Q. Is he a member of the Merchants' Exchange? A. Not that I know of.

Q. Why didn't you put it in the hands of a regular broker?

A. Mr. Smith and I have been friendly for 24 years. I knew that he was familiar with the grain business and I asked him to get the best price he could. Mr. Smith went out and sold it to the Canada Grain Export Company and the latter

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me the cheque and endorsed it to me. I endorsed the cheque and gave it to my Secretary, Mr. White, to get it cashed and make the proper distribution for the grain between Mr. Macdonald and myself.

Q. Am I properly describing it in saying that you and Mr. Smith are on very friendly terms? A. Yes, we have been a great many years.

Q. When you wanted business transactions of this kind put through in connection with your own grain you did go to Mr. Smith to do it?

A. As a matter of fact I spoke to Mr. Ray Lee and told him that I was going to give him the warehouse receipt. I did not, I met Mr. Smith and I gave it to him.

Q. Tell us about another thing. Was there another car consigned to you.

A. No.

Q. You can quite appreciate that when the Secretary of the Harbour Board gets a car consigned to him that it is a proper matter for enquiry? A. Why, sure, can't I operate my own firm.

Q. You are anxious to have anything of that kind cleaned up?

A. Why, certainly.

Q. What other cars were consigned to you? A. We had a number of members of Parliament out here last January or February and most of them were farmers and in discussing with various members, we all discussed what more or less, Mr. McTaggart, a member of the House of Commons, I don't know what district, but his post office address is Gull Lake, Sask. and he asked me if he consigned a carload of wheat to me would I handle it for him so as to check up, to make a check up between the eastern and western route. I went to the railway who were issuing the permits and got a permit for Mr. McTaggart's car to come in here and it was handled in identically the same way as my own car.

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Q. He gave it to Mr. Smith to sell? A. Yes.

THE CHAIRMAN: You are calling him Mr. McTaggart. I think he lives at McTaggart? A. No, his name is McTaggart of Gull Lake, Saskatchewan. He is a member of the House of Commons.

MR. GOODS: Is that the only cars that were consigned to you?

A. Absolutely.

Q. Mr. Smith also mentioned something about grain being sold for the chief of the Harbour Police, Mr -- what's his name?

A. Mr. Julian.

Q. Do you know anything about that? A. Not a thing.

Q. I think what Mr. Smith told you-- this is not the Chief of Police of Vancouver, but chief of the Harbour Police, His name is Julian. A: Yes, C.O. Julian.

Q. And apparently there was grain gathered up in the alleyways or around the elevator somewhere and it was put through the elevator and warehouse receipts issued for it in the name of Julian. Do you know anything about it?

A. No.

Q. Was this all news to you yesterday when Mr. Smith mentioned it? A. Yes; absolutely.

Q. Never heard of it? A. No.

Q. Do you know of any reason why the Chief of the Harbour Police would be entitled to get any grain, four or five or six hundred bushels around the elevator?

A. No reason why he should get it personally. I would suggest that you call Mr. Julian and get his evidence.

Q. You don't know anything about it? A. No.

Q. And it was news to you when you heard it yesterday?

A. Yes.

Q. That is all.

MR. BARRIS: There was some complaint wasn't there Mr. Beattie, about the grain being stolen? A. Yes.

Q. And Mr. McLean wrote some letters and you wrote some instructions to him to have it cleaned up?

A. There was a complaint made as far as my memory serves me that some grain was being stolen and also that there was some grain scattered around outside in the wet during the winter time and Mr. McLean wrote to me, but just what that correspondence was I cannot recall. No doubt you can get it.

MR. VAN ALLEN: You say you had a permit from the car that came from McTeggart. Was the permit obtained in your own name?

A. The car was shipped to me, the waybill is here, at least I think it is. Yes. It was consigned to me.

Q. What is the date of the unloading? A. There are all the documents Sir, at least my file.

Q. Do you mind if we have these. A. Not at all, keep them both.

Q. Are you putting in the records?

MR. VAN ALLEN: I just want to see them that is all. You say you did obtain a permit, from which railway? A. The Canadian Pacific I imagine, I am not sure. That waybill will tell you.

Q. Yes, and regarding the other car from your own farm, or partly from your farm, was that consigned to you. A. The waybill is there. Q. Was the warehouse receipt issued in your name?

A. It was a blank warehouse receipt.

Q. A blank warehouse receipt? A. Yes, as far as I remember.

THE CHAIRMAN: Does anybody else wish to question Mr. Beattie? That is all.

MR. MOORE: By the way in connection with the appointment of McLean, it was you who recommended or suggested his name to the Board? A. I drew the attention of the other members of the Harbour Board.

Q. There is another thing, I have not perhaps quoted you correctly

about, when you spoke of the interview with Mr. Sellers or his foreman at Fort William, did you say to my Van Allen, or is it a fact that Sellers foreman mentioned McLean's name to you along with a number of others?

A. He may have.

Q. What was your statement? A. It was a long drawn out discussion, walking around the elevator and he may have mentioned forty.

Q. Among which was McLean? A. Yes, I don't remember those details.

THE CHAIRMAN: All right.

(Witness aside)

THURSDAY, MAY 29th, 1924.

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MORNING SESSION.

MR. WOODS: With reference to Weighmaster White, I am informed that he will be here tonight. I have certain communications on that subject which I should read, perhaps, to the Commission. There is a telegram addressed to you, from the Alberta Wheat Producers Limited.

"Calgary. May 29 1924.

Chairman Justice Turgeon,

Royal Grain Inquiry, Vancouver Hotel, Vancouver, B.C.

Any tie-up of Vancouver Elevator at this time would result in serious consequences to this Company as wheat shippers. We have almost million bushels to load early in June and hope if a weighup means a tying up of the elevator that the weighup can be postponed for some time.

Alta. Wheat Producers Limited."

From the Deep Sea Section of the Merchants' Exchange:

"I am instructed to convey to you the following resolution passed at a meeting of the 'Deep Sea Section' of the Merchants' Exchange.

'Whereas it has been reported that grain ships may 'be delayed because of the weighing up of grain now in 'the elevator, and

'Whereas the members of the Deep Sea Section are of 'opinion that it would be most unfortunate to delay any 'of these ships and that such action would adversely 'affect the reputation of the port, especially in view of 'delays already experienced this season:

'Be it therefore resolved that the Deep Sea Section 'advise the Royal Grain Inquiry, that every effort should 'be made to prevent any stoppage in grain deliveries 'at the present time.

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'And that the Deep Sea Section has no objection to
'any weigh-up if such be desired by the Commission, if
'same can be effected without any disturbance of grain
'deliveries to ships.'

"Yours truly, J.H. Hamilton,
Secretary."

From Mr. Chas P. Coles, one of the shippers:-

"May 29th, 1924.

"Judge W.F.A. Turgeon,
Chairman,
Royal Grain Inquiry Commission.

Sir,-

I was quoted yesterday as one grain shipper in
favor of a weigh-up, at the present time, and other
shippers went on record as opposed to it.

My interest in the matter was not that of a grain
shipper, but solely that of a citizen who from acquaint-
ance with the grain and shipping trades has some know-
ledge as to possible loss which might be caused by a weigh
up, and I am interested only in the promotion of justice
and the thoroughness of the investigation you are conduc-
ting.

During the past season dozens of vessels have been
kept waiting from two to three weeks and the grain export-
ers contended successfully that they were not responsible
for delays caused by circumstances beyond their control.
These same exporters now contend that they may incur ser-
ious loss if a weigh-up is held now. If there is a weigh-
up by order of this Royal Commission, shippers cannot be
held responsible for demurrage; and if weigh-up is not
started until June 1st, there is so far as I can see no
risk of loss through failure to fill contracts on time.

If the grain shippers of this port did not refrain
from taking the risk of holding dozens of vessels in

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this port for weeks at a time, it seems to me incomprehensible that a slight delay to a few vessels should be allowed to interfere with the proper course of this investigation.

It is to the best interests of all concerned that this weigh-up be held during this investigation, so that if there be anything wrong it may be shown now, and, if, on the other hand things are in order, they shall be shown to be so now. If there is no weigh-up until a later date there is always the possibility of fair or unfair criticisms to the effect that anything out of order had been rectified in the meanwhile.

I therefore respectfully suggest that Mr. Craig and any other shipper objecting to a weigh-up be put in the witness-box on oath and asked to show what possible loss might be sustained by them.

Faithfully yours,

"Chas. F. Coles."

The letter of Mr. Craig above referred to was as follows:

H. L. Craig Grain Co.,
Vancouver.

May 27th, 1924.

"It has just been brought to the writer's attention that a weigh-up of the Harbour Commissioners' Elevator No. 1 has been asked for by members of the Trade in Vancouver, and in this regard, we beg to state, that we are not parties to this demand or request, especially so in view of the fact that we have steamers in port to load, and that we have various grades of grain on track Vancouver which must be loaded into ships within the next two or three days. Such action as this will work a very serious hardship on those who have boats to load, and who have grain on track which must be

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unloaded before these steamers can load. We also understand that the elevator is now full, and we therefore protest against any such action."

To the same effect wrote Messrs. B.L. Johnson, Walton & Company, Vancouver, per W.H. Walton;-in a letter addressed to the Vancouver Harbour Commissioners and filed with the Secretary of this Commission:-

"We have been informed that Elevator No. 1 may be closed for several days for the purpose of stock-taking.

We hereby protest most emphatically against this procedure being carried out unless ample notice is given to all parties concerned.

We have the M/S 'Panama' loading today and the S.S. 'Bordeaux Maru' installing her grain fittings in order to commence loading on Friday, and we have two other ships due next week for full cargoes.

The M/S 'Panama' is a cargo liner and has passengers and cargo awaiting her arrival at other Pacific Coast ports.

We realize that the interests of the Port are your first consideration and we request that you oppose any complete stoppage of grain delivery unless all the ships delayed by such stoppage are fully indemnified against loss."

I have (stated Mr. Woods) a communication here from the Saskatchewan Cooperative Elevator Company, ~~but addressed~~ not on that subject, but addressed to the Secretary:-

"May 26th, 1924.

"We wish to direct the attention of the Royal Grain Inquiry Commission to the resolutions of the Board of Directors of this Company in connection with the Western grain route.

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This matter was dealt with at meetings of our Board of Directors held on the 27th of February and the 18th of March last, and the enclosed copies of resolutions speak for themselves." (Signed, "F.E. Peterkin, Ass't General Manager").

(Enclosures)

Saskatchewan Cooperative Elevator Company, Limited.

Directors' Meeting.

Held Wednesday, February 27th, 1924,
at 2.30 p.m.

Present: J.A. Maharg, J.B. Musselman, T. Sales, W.C. Mills, A.G. Hawkes, H.C. Fleming, W.J. Orchard, R.M. Johnson.

Western Inspection: The possibility of the early establishment of inspection points for western shipments was discussed. The Directors were of the opinion that nothing should be done to interfere with the control of grain handling and inspections by the Board of Grain Commissioners, feeling that all matters pertaining to the handling of the grain of the public should be under the control of one authority, that authority being the Grain Commission.

Directors' Meeting

Held Tuesday, March 18th, 1924.

Present: J.A. Maharg, J.B. Musselman, W.C. Mills, H.C. Fleming, A. McClelland, W.J. Orchard, R.M. Johnson.

Western Grain Route: In connection with the Western Grain Route and the movement afoot to establish separate inspection and control for Western grain, it was decided that the efforts of this Company should be directed to centralising the control of all grain from the Atlantic to the Pacific in the Grain Commission.

.....

MR. WOODS: My friend Mr. McGeer has a matter to bring before the Commission which he spoke to me about, and I simply asked him to lay it before your body.

MR. DEACHMAN (SECRETARY OF THE COMMISSION): There are a couple of wires. The first is the wire I sent to Dr. Magill, Winnipeg Grain Exchange, at the request of Mr. Van Allen:-

"Wire immediately if J.R. Smith a member of your Exchange in good standing. If not give particulars. Also state action taken if any by Council and Exchange relative default by Davidson & Smith regarding complaint in Pollock shipment." (Signed) R. J. Deachman.

To which I received this reply:-

"Dr. Magill absent: am therefore replying to yours twenty seventh. John R. Smith joined membership Winnipeg Grain Exchange March third 1920 and on November 3, 1920, registered firm of Davidson & Smith for membership privileges. John R. Smith is still a member, but registration of firm for membership privileges was not renewed after October 9, 1922. Exchange Council on October 18th declared Davidson & Smith to be in default for \$38,985.74 upon warehouse receipts in respect of wheat loaded by them into S. S. Pollock as No. 3 Northern in alleged compliance with their warehouse receipts for three Northern wheat. Company still in default as no settlement has been made covering above, and lawsuit to recover now before courts."

MR. McGEER: (G.C. McGeer, Esq., K.C.) Mr. Chairman, I am appearing for Mr. E. George Mundy. I have a statement that I would like to read to the Commission. The statement deals with the charges made by the stevedoring companies engaged in handling and storing grain in this port. The short suggestion is that the charges of stevedoring companies are exorbitantly high, and though they have had an ample opportunity to reduce

those charges, no advantage has been taken of it: charges that range as high as 512% more than those that obtain in the city of Montreal, and which involve some hundreds and thousands of dollars on any substantial movement of grain.

THE CHAIRMAN: Just a minute. I want to make sure that we can hear you. This is about stevedoring charges?

MR. McGEER: Purely in the handling of grain.

THE CHAIRMAN: Yes, but does it come within anything we are inquiring about now?

MR. McGEER: Well, I would think that anything would that had to do with the routing or handling of grain.

THE CHAIRMAN: No, Mr. McGeer, there may be a misunderstanding.

This Commission, as a Commission investigating all matters pertaining to the handling and the marketing and the transportation of grain, has completed its public sittings. We were here last September. Now Dr. MacGibbon and myself are merely here as delegates, as persona designata by the Dominion Government to investigate certain charges laid by Mr. Van Allen, and nothing else. Now, while we are here, Mr. McGeer, if some time before we leave you have any data that you would like to add, for instance, to what you gave us last September or which would throw any further light upon our general inquiry, we will be glad to take it for the benefit of ourselves and of our colleagues. But our colleagues have nothing whatever to do with this investigation: it is only one conducted by Dr. MacGibbon and myself specifically to inquire into certain charges; and I don't think we had better take up the time at this inquiry to hear you now, if it is going to take any length of time. You see you are interweaving it with a specific case that we are investigating.

MR. McGEER: I quite appreciate that; and I would not like to take up the consideration of the matter that I am putting

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before you at any length now. I simply want to place the facts before you and ask for a direction that certain information be furnished upon which an investigation could be carried out. Now while I quite appreciate that the Commission is not here in its capacity in which the Commission was here before, I take it there can be no objection to accepting any information that will throw a light on the routing of grain through this port which would probably lead to an investigation into the matter at some later date.

THE CHAIRMAN. Maybe by somebody else. I do not know.

You see, our general labors have been going on for a year, and they have to terminate some time, and we have to prepare to get out our report at as early a date as possible. As long as the grain trade exists there will always be further situations and further information arising. We cannot hope to hear them all. I will just say that if before the time that Dr. MacGibbon and myself leave Vancouver, in the natural course of this inquiry, you have any information you would like us to receive touching this general inquiry, we will take it, for ourselves and our colleagues.

MR. McGEER: All I want to do is to file a statement with the Commission now covering the facts that are alleged, the statement that is sworn to, and pointing out there is certain information which Mr. Mundy believes should be presented to the Board. That is I do not propose to go into a discussion of the thing now, or to deal with it in any way, but merely to file a statement briefly covering the facts that I have referred to. All I want to do is to file this, and the Commission will have it on record; and if the Commission feels it should be investigated, why-----

THE CHAIRMAN: Dr. MacGibbon and I will give it our

attention. It is a statement about stevedoring charges?
MR. MOGGER: It is a statement about stevedoring charges.

MR. WOODS: Mr. McGear was good enough to hand me a copy of the statement. These are matters which must be in controversy between the Commission and this stevedoring Company?

MR. MOGGER: They may develop into it.

MR. WOODS: Probably you had better look at it yourself and see whether it ought to be put on the record.

THE CHAIRMAN: This much is clear: you are not attempting to make it a part of this inquiry?

MR. MOGGER: No, none whatever.

THE CHAIRMAN: Leave it aside for the time being, and after we are through with this inquiry we will consider whether or not it comes within the scope of that inquiry.

MR. MOGGER: I would like to have the Commission take it under their private advisement and decide whether or not a direction can be given to supply the information I ask for, because that would take, if it were going to be done on the last day, a week or ten days to get the information, whereas if it is asked for now we might have the information before you leave, and we will be prepared to deal with the matter, if you see fit to take it up at the time-

THE CHAIRMAN: Have you anything to add to the argument you are filing?

MR. MOGGER: Nothing at all.

THE CHAIRMAN: We will take it up between now and tomorrow morning.

MR. MOGGER: That is all I want.

MR. WOODS: Then you can decide whether it will go on the record or not.

them. You can stop aside, Mr. Smith

MR. WOODS: Just stop down for a moment, Mr. Smith.

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MR. WOODS: They may develop into it.

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to make it a part of this industry?

MR. WOODS: No, none whatever.

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MR. WOODS: I am sure that the industry

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it up at the time.

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You are living?

MR. WOODS: Nothing at all.

... ..

nothing.

MR. WOODS: That is all I want.

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MR. MCGEE: O, certainly.

MR. WOODS: It is not on record at the present time.

..... Here is the original of that petition about Mr. Bennett that has been handed to me from the files of the Board of Harbour Commissioners, and I will substitute that for any copy that may have been put in.

..... Mr. Van Allen asks that Mr. Howe be called in pursuants of the suggestions made by yourself last night, as to that overrun in the estimate of the No. 1 Annex.

MR. C.D. HOWE recalled.

BY MR. VAN ALLEN: Mr. Howe, I am handing you herewith exhibits 38 and 39 which are the contracts for the superstructure and foundation of the addition to No. 1 Elevator. I am also handing you a statement showing a comparative table estimating the costs and actual expenditure on the building of the addition. Now Mr. Howe, I understand you are an elevator Engineer? A: Yes, sir.

Q. Knowing the conditions at Port Arthur, Ontario?

THE CHAIRMAN: We knew all that. That is all in evidence now. Mr. Howe has given us his status before.

MR. WOODS: He has been called as *famulus curiae*.

THE CHAIRMAN: We have all his history.

~~RE-EXAMINATION~~

MR. VAN ALLEN: In the first place, Mr. Howe, you observe that the contract for the foundation was let on a tender and the contract for the superstructure was let on a cost plus basis. Have you any comment to make on that? Well, Mr. Chairman, could I make a statement of my position, which is rather delicate?

THE CHAIRMAN: Yes.

THE WITNESS: The ethics of the engineering profession

provide that is is not ethical for one engineer to pass on the work of another engineer unless he is invited to do so by the other engineer. I would be very glad to help the commission in any way I can by giving any facts that I have, or interpreting any facts or any information that applies to my own work as well, but I would respectfully ask that I be not asked to give opinions on another man's work. I think you will see my position there. I am not sure whether the question asked is an opinion on another man's work or not, but ---

THE CHAIRMAN: Well, Mr. Howe, we have power by our commission to engage the services of civil engineers, among other people, to assist us in the matters we are enquiring into, and it was by virtue of that power that yesterday we requested that you undertake this work. Now you see that any Commission of this sort is bound to have recourse to expert advice, and the experts say, "We can't give it to you, because it is unethical", we never can get anywhere. I think you are released from any obligation of that sort, which you may be under as a member of the Association, by the fact, that here is a Commission which requires in the interests of the public advice which you can give, and which only men of your profession can give. We are expressly authorized to obtain such advice. I do not think you need have any hesitation in answering our questions, with these instructions in mind.

THE WITNESS: I think, sir, that in fairness both to myself and other members of the profession who are here, that all useful purposes could be served if the questions are made more as to facts than to opinions. After all, my opinion as an engineer is only one opinion.

THE CHAIRMAN: I know, but it is an expert opinion you see, and we can only arrive at a conclusion by hearing expert opinions. All you can give us is your opinion, of course. Pardon me: what just has happened that you wish Mr. Howe to give us his opinion upon?

MR. VAN ALLEN: Well, sir, the statement was prepared and filed with a view of explaining what appears to be a very large sized overrun, and it was suggested yesterday that Mr. Howe be asked to come before the Commission this morning and give his view on this matter; and the first question I asked Mr. Howe was, whether it is customary to let a contract on a cost plus basis for a public body of this sort?

THE CHAIRMAN: Well now, I don't know that Mr. Howe should be asked that. You see you are going into the wisdom of the contract.

MR. VAN ALLEN: The question of the overrun.

THE CHAIRMAN: You say the contract was let at a cost plus basis, as I understand. Now according to my notes that applies to both contracts.

MR. VAN ALLEN; No sir, the first contract is for a lump sum, according to my information. It was on a tender basis for a lump sum.

THE CHAIRMAN: What was the lump sum for the first contract?

MR. VAN ALLEN: \$42,000.00.

THE CHAIRMAN: And the other was cost plus 10% I am mistaken in my notes. I will have to correct that, but I have that that way. You want to know whether that is

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customary way of letting contracts. Isn't that what you are asking Mr. Howe?

MR. VAN ALLEN: I am asking Mr. Howe whether in the letting of contracts for large building of that sort by public bodies it is customary to let them on a cost plus basis, to start with? A: My information is that the Department of Trade and Commerce which build elevators--

THE CHAIRMAN: That is not an engineers question. I can answer you that. As a member of the Government I have read a great many contracts. I think your Alberta public buildings are built that way, Mr. Woods?

MR. WOODS: It seems to me, with respect to my friend Mr. Van Allen, that is unnecessary for the purposes for which we have called Mr. Howe. As I understand Mr. Howe has been asked by the Commission in connection with the explanation ~~XXXXXXXXXXXXXXXXXXXX~~ by the Harbour Board and the Pacific Construction Company, is that an unconscionable ^{see} overrun or can you ~~say~~ anything there that is so large as to call for remark; or, about that explanation, is it a proper explanation: does it explain: that is what we want to know from Mr. Howe, because the Commission is not a technical enough Commission to be able to tell that. But I don't think it is necessary in giving an answer to that question to say whether the policy of whatever Public Department at Ottawa lets these contracts, in letting these contracts in this particular way, was a proper policy or an improper policy.

MR. VAN ALLEN: It was not let by Ottawa you see.

MR. WOODS: Well whoever it was let by. I don't care.

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It it was let by somebody that was a public body, I don't think it is necessary to go into that.

MR. VAN ALLEN: All right I am not pressing it.

THE CHAIRMAN: You must not get Mr. Howe in the box for one purpose and then try to ask him questions for another purpose. Ask him the question, Mr. Van Allen, that we were asking last night and which he was to come back this morning and advise us upon.

MR. VAN ALLEN: You will observe in the statement that the overrun in the contract for the superstructure amounts to the difference between \$359,000.00 and \$504,000.00. Now what have you got to say as to the size of that overrun? Is it an astonishingly large overrun or is it a reasonable overrun?

THE CHAIRMAN: Depends on what was done of course.

M. J. FAHAIS: Why not get at the facts and find out whether the prices paid are reasonable, in Mr. Howe's opinion. That is surely what my learned friend must be concerned with.

MR. VAN ALLEN: The present witness is not my witness. He was called by the Commission. I am asking him to give the best of his opinion as to the size of that overrun. I don't know what he will swear to, what his opinion is, or his information. I am just asking him to clear this matter up. The cost of building this Annex ^{public} has been the subject of a great deal of discussion, even in the House of Commons, and here we have a statement showing the overrun. Now we will be satisfied if it is explained, but it seems to me that an overrun of that sort requires some further explanation.

THE CHAIRMAN:

THE CHAIRMAN: The situation as we left it last evening was this. We were dealing with certain contracts, and we contemplated the expenditure of certain amounts of money, but I just forget how much, I think it was four hundred and some thousand dollars. Then it was found that the total work, that is these contracts and the expenditure required for the proper installation of the whole plant, acquiring the site and everything else, amounted to \$750,000.00 in round figures. Now then in so far as the contracts themselves were concerned, that instead of costing what they originally expected to cost, they cost 28% more. The contracts were for a sum of four hundred and some thousand dollars. It cost, I think, \$615,000.00, and the entire installation, including the acquiring of the site, cost \$749,000.00 and some hundreds. Now I understood that the engineers were to get together last night to let us know whether in so far as these contracts are concerned, that is in so far as 27% cost over the contract price is concerned, there is anything there that is questionable or appears to be wrong or cannot be explained by the engineers; and then, in addition to that, whether between that again and the further sum, the total sum of \$750,000.00, there is anything that ought to be explained. Those, I think, are the two points.

MR. VAN ALLEN: Now, Mr. Howe, have you gone into that matter? A: Well, yes, I have gone over these specifications and looked into the statement. If you will just allow me I will run over the statement. In the matter of the foundation the engineers estimate was ~~\$22,000.00~~

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\$55,000.00, and the work only cost \$42,807.00. Therefore the work cost ~~this~~ less than the estimate by 22%. In the matter of the superstructure contract, this work was estimated to cost \$359,000.00 and actually did cost \$504,000.00, or an overrun of 40%. In the matter of the transformer house, the actual cost of the work was slightly less than the estimated cost. The two were very close. The lower return gallery, the same again, slightly less than the estimated cost. I would say that the foundation work estimate of 20% more or less would be fairly close, in that foundation work is more or less uncertain work. It is difficult to tell what will be encountered as ~~excavation~~ excavation proceeds. In the case of the superstructure I would say that 40% was a very large overrun. I am not so much concerned in answering the question as to whether it was justified as I would if I were the owner, but certainly the owner who had provided for a certain expenditure for work would be pretty much upset by a 40% overrun.

THE CHAIRMAN: You have considered the extra work done have you? A: I have very little knowledge of the extra work done.

MR. WOODS: Does the statement explain enough about extra work done to enable you to form a judgment as to whether it is a proper overrun? A: There is no explanation here.

MR. MACDONALD: You haven't the letter of April (?May) 26th? A: Yes, I have that letter, but I see nothing which particularly explains. It speaks of "rush work". Of course all elevator work I was connected with was rush work. I didn't think there was any other kind.

THE CHAIRMAN: There is a point there. As I recollect it, in so far as the second contract for superstructure was concerned, it was done on a cost plus 10% basis, but there was this restriction, that the contractors were in no case to receive more than \$35,000.00?

A. That is correct.

Q. That is to say that the estimate was \$359,000.00; it was to be done on that basis, but the 10%, you see, was to be limited to the original estimate, or about \$35,000.00? A: The contract says the first estimate was \$350,000.00, and that the contractors commission is limited to 10% of that, and that the contractors would share equally with the commissioners in any underrun of that amount.

Q. And there was no underrun? A: No sir.

Q. Here is the contract let for \$359,000.00, and you are to get 10% of that amount or share in any saving, but if there is any over expenditure you are to get nothing? That is you are not to get any more than 10% of \$359,000.00 in any event? That is the contract?

A. Yes.

Q. If that is the contract, then there could not be any benefit to the contractors in spending more than \$359,000.00 could there? A: Apparently not.

Q. Is there any exception to that? What about extras?

A. The contractor gets 10% of extras outside the contract, that is extras not contemplated when the contract was signed. Maxson

Q. Were there any such? A: I am told they were. I have no record of that anywhere, as to what they were or what the amount was.

W. Well, they would be included in that amount, would they, of \$504,000.00? A: Yes, sir.

Q. You don't know what the amount was? A: I don't know what the amount is.

Q. Well now we ought to be able, Mr. Woods, as ascertain very easily what they did amount to, that is what amount was actually earned by the contractors under this contract. If they were no extras they only earned \$35,000.00.

MR. WOODS: That is just the fee, Mr. Chairman.

THE CHAIRMAN: You see it is 10%, as I understand it. Here is a contract for \$350,000.00. \$9,000.00 to the \$350,000.00. Now they are to get 10% of that, which amounts to \$35,000.00, but if there is any over expenditure they are to get nothing: if there is under expenditure they are to benefit 50% with the Commission in the under expenditure. Of course that didn't happen; there was an over expenditure. Now so far as the over expenditure is concerned they were not to receive anything in addition to the \$35,000.00, that is the 10%, except Mr. Howe tells us in so far as any extras might have been required and put in, you see.

MR. WOODS: Perhaps I don't understand it.

THE CHAIRMAN: That is what Mr. Howe says.

MR. WOODS: Do I understand that, supposing there are \$100,000.00 more extras, under this contract the contractors would be entitled to 10% of anything over \$359,000.00? A: Oh, yes, if they ~~were~~^{are} ordered to do work after this contract is signed, if they are ordered to do work not contemplated by the original plans and

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specifications which form part of this work that is what constitutes an extra and on that they would be paid ten per cent.

Q. The question then is what is contemplated by the original plans and specifications in this contract? A: Yes.

Q. And now looking at that, the work covered by the contract includes a number of things, a ^{concrete} /ster age house, ^{concrete} shipping ^{conveyer} house, gallery, bridge and certain equipment and machinery as per specifications. Well there was not any specification, according to the intimation we got yesterday, annexed to the contract, and the question that arose in my mind and perhaps should be enquired into is whether the specification of that equipment and machinery was the equipment and machinery that is mentioned in the minutes of the Harbour Board, which I understand to be the only extras. You see what I mean.

If so it is not an extra; it would have been contemplated by the contract. A: I have never seen the plans and specifications for this elevator. I understand in talking with the engineer that there was no large extra item. That is, there were minor changes made, as I understand, and which were adjusted.

THE CHAIRMAN: Is Mr. Swan the engineer? A. Mr. Carter. I think he should probably be asked about this.

Q. Mr. Carter can tell us probably. A. Because he has the information at his fingers' tips.

Q. What the extras were? and consequently what additional money was paid to the contractors outside of the \$35,000.00.

MR. WOODS: And how the difference comes between the \$500,000.00 and the \$359,000.00, because I fancy that would be in the same explanation, would it not? A. Yes, sir.

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Q. If there were any explanation.

THE CHAIRMAN: Here is the original contract of \$359,000.00, based upon estimates. Now these estimates may be over-runs in themselves. That is to say these things may cost more than was estimated. That possibly ^{might} have accounted for the whole of the extra costs, but it does not, because in addition to the over-cost of certain things there were extras done. Now insofar as the surpluses are represented simply by the over-cost of the estimate, nothing is paid to the contractor in addition to the ten per cent; but insofar as this \$504,000.00 or the margin between that and \$359,000.00 is made up by extra work not covered by the contract, then they are entitled, of course, to extra remuneration for that. Now Mr. Carter, you think, can give us the details. A: I am sure he can.

MR. WOODS: Supposing we take the figure x dollars as being the amount of that extra labor and material, extra to the contract, then if you deduct that from the \$504,000.00 you get the actual amount of over-run on the contract itself. A: Yes, sir.

Q. And if you found that to be anything like as large as forty per cent. you would think it was a very large overage.

A: I would think it would have to be called classed as that, as a large over-run.

THE CHAIRMAN: I would think anyone would say when there is a difference between an estimate of the costs and the actual work contemplated under the estimate of forty per cent. it looks big, but if the contractors have done anything additional for that of course that might make a difference.

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Mr. COMMISSIONER MACGIBBON: I note the total cost of the elevator is \$711,547.00. Now how many bushels does that elevator handle? What is its capacity? A: I have never computed it, but I am told it is 800,000 bushels.

Q: Well making the ordinary comparison of costs per bushel, how does this elevator compare with elevators similar to it in Montreal or at other ports? A: Well, I am not familiar --- I don't know that there is a similar elevator, and if there is I am not familiar with its cost. I might say that these per bushel figures are mostly deceptive, and that it is hardly fair to compare buildings on a per bushel basis.

Q: That is the point I wanted you to really explain, why they are unfair, because I have heard that comparison made about this elevator to the detriment of this elevator before I came here. A: Yes.

Mr. WOODS: Will you explain, that, Mr. Howe? Is it because there are certain things about this elevator that possibly are not included in other elevators of a similar storage, and that this is referred to as a storage house. In a storage house, that is the ordinary storage house we speak of, the only equipment it would have would be conveyers and trippers above, and conveyers below. In addition to that equipment this particular house has elevator legs and scales, which would not ordinarily come --- we usually count them as warehouse equipment. Here we find a sort of a warehouse and storage annex.

Q: Can you give us an idea of how much per bushel, because it is very convenient if it can be done to get the thing down to cost per bushel, the addition of the scales and elevator legs should make in a house of this description

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with that amount of equipment that we see there. A: It is very difficult to do that, Mr. Woods, because this particular type of house is outside my own practice. I have never built a house like it, or had to do with a house like it; and especially with the figures in front of me.

Q: Let me see if I can get at it this way, for the benefit of the commission. The ordinary cost of the pure storage equipment without the elevator legs and weigh scales would amount to how much per bushel? A: Well, I would rather stick to specific tables on that. We built last summer a two million bushel storage annex for the Saskatchewan Co-Operative at Port Arthur, with conveyers above and conveyers below, that is completely equipped. That was let in two contracts, of which the foundation was a few dollars under \$50,000.00, or practically two and a half cents per bushel; and the superstructure was \$47,000.00 or about twenty and a half cents per bushel. So that the cost of that annex fully equipped was twenty-three cents per bushel.

Q: I do not want you to assume that the Commissioner or myself is forgetting the statement that these per bushel costs are very deceptive in some respects, but just to get at it this way for the time being: The cost per bushel of this did you work out what it is? A: Well, leaving out the workhouse part, what I would call the workhouse is the frame structure which contains the scales and the legs and that sort of thing, the storage tanks with the conveyers above and below would be more expensive than the storage I refer to for the reason that the tanks are smaller, which means more concrete and perhaps more elaboration in the

design. I would say that a fair cost for that, if I were asked to make a guess at what the storage part would cost, would be about thirty cents a bushel probably. That is only a preliminary guess. I think that would be fair, though. Then of course you have the workhouse in addition which I could not give you a value on.

Q: You haven't any idea of what the workhouse part of this thing should go? A: I have nothing to base that on offhand.

MR. FARRIS : What would have been the cost per bushel of that storage warehouse that you built at Port Arthur if it had been eight hundred thousand bushels instead of two million? A: It would have run somewhat more. The smaller units are more expensive than the larger units.

Q: What would probably have run up third per cent? A.: Hardly that, probably about twenty-five, twenty-six.

MR. E. F. CARTER called and examined.

This witness was sworn in these proceedings a few days earlier.

BY MR. WOODS:

Mr. Carter, you are already sworn and we are trying to ascertain from you what the extras were extra to this contract of the 23rd of July that were included in this figure of \$504,000.00 that is given in this explanatory and statement signed by the Harbour Commissioner/yourself. Can you give us a figure as to what extras there were?

A: A round figure approximation is about -----

THE CHAIRMAN: You are going on to the extras, are you?

MR. WOODS: I just want to find out what extras are included in that figure of \$504,000.00.

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THE CHAIRMAN: You see there is the forty per cent explainable both by extras and by additional costs.

MR. WOODS: What about extras? A: If I speak without reference to figures I would like it to be taken as general, of course. In round figures I should say that alterations and additions, enlargements that were made to the original plans would account in round figures for about \$15,000.00 in the part that is noted that as \$504,000.00.

Q: These would be pure extras, extra to the contract.

A: Yes.

Q: After the contract was signed, changes made or additions made in respect of it involving an extra cost over and above the contemplated cost. A: Yes.

THE CHAIRMAN: And in respect of which the contractor would be entitled to additional remuneration. A: Quite right. There were further extras in that same category in connection with the transformer house, the lower return gallery, and alterations in the old elevator, but that does not concern the sum, the specific sum, that you asked me: so long as that is clear.

MR. WOODS: So far as the transformer house, it is a matter kept within these estimates, so I am not worrying about that. A: Yes, sir.

Q: Speaking in round figures, and with the qualification you have mentioned, that you must be taken to be speaking generally, of course, there is a difference then between \$559,000.00, the estimate for the superstructure, and \$439,000.00, which is \$120,000.00 more. Now I have not

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worked that out in percentages, but is nearly forty per cent.

MR. COMMISSIONER MACGIBBON: About thirty-four per cent. I make it.

MR. VAN ALLEN: Should not that \$359,000.00 be \$350,000.00. You see it is \$350,000.00 in the contract and \$359,000.00 in your estimate.

THE CHAIRMAN: Mr. Howe explained that by something being added. A: There were two estimates that were submitted to Ottawa, as you will note in the statement made, June 8th and 18th, and the total of the two was \$359,000.00. I believe in writing the agreement that the June 8th statement only was used, and in that way \$350,000.00 was quoted as the round figure but the matter is on record in Ottawa.

Q: It comes to something like thirty-four per cent does it?

A: I didn't check that.

MR. COMMISSIONER MACGIBBON: Well it is 33.59.

MR. FARRIS: Is the suggestion here that we did the Directors up by having our engineers give a low estimate and get them tied up on that basis? A: Thirty-four would be about correct.

MR. WOODS: The explanation which you have given in a letter gives that, I take it, as being caused by rush requirements and a time limit ^{on} delivery and extra labor costs entailed by rush construction needs, overtime. Is that the --- ? A: That is the explanation for the thirty-four per cent. over-run which is now under consideration..

MR. VAN ALLEN: Thirty-six per cent.

MR. WOODS: I will make it thirty-five.

THE CHAIRMAN: Anyway it is the difference between these two figures. A: Yes.

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MR. WOODS: Have you anything to add to your statement on that, that you signed? You have heard what Mr. Howe said about it. A: That explanation covers the increase in cost, the necessity of getting materials on short time delivery, which was urgent in this case, the superstructure work was not started until July, which means a limiting of the tenders always, and if it means, with regard to general casting or sheet metal work or machinery work, the dislocation of shop routine, it always means an extra cost on a tender: the time limit which had to be placed on many of the tenders, on all of the tenders, also acted to restrict the number of the people that would tender, because some would say, "We won't go in on that time limit", and that appeared to be particularly the case last year. I think that just that explanation indicates where the excess has come over the estimate that was made.

THE CHAIRMAN: The estimate was made by whom? A: Made by our Montreal office, the John S. Metcalf Company.

Q. Well they estimate a cost of \$389,000, do they? A. That is correct.

MR. WOODS: Under ordinary working conditions? A: That was taken under ordinary working conditions. The matter of the way that the contract was to be let and all was not known at the time that the estimate was made, naturally. That was a matter for decision here. And ordinary working conditions and prices were taken. Undoubtedly in view of the result there has been some under estimate on some of the machinery, which was of a type in this case --- we have put roller regular bearing machinery throughout instead of the old

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babbit bearing type, and that introduced a new element in machine cost which in a measure tended to increase the cost of the estimate. It would be exceedingly difficult, however, to separate the excess that is due to rush requirements from what some people might characterize as not sufficient allowance in the first estimate. The estimate in the first place would cover ordinary working conditions.

Q: And ordinary machinery? A: Why yes, and ordinary machinery, although a certain allowance was made, but in view of the prices obtained, not sufficient. It has been shown that where more time is permissible with the same firms tendering under similar conditions in Vancouver the costs are not so high for work as had to be taken on No. 1 work. And it should be understood on that that every tender for equipment was advertised and there was full public competition. The tenders were sent to The Pacific Construction Company, tabulated and submitted to Major Swan, the Harbor Commissioners' chief engineer and myself before there was any recommendation made whatever; and it was apparent as work went on that there expenses were over-running, but ---

Q: They were limited, the tenders were limited by the conditions under which the construction was done. A: They were, and although it was apparent that costs were over-running the estimate, the work had to be put through; it was a time proposition; and there was no other tender that could be received other than those that answered the public advertisement; and in that way it is my belief that the Harbor Commissioners were fully protected in getting value for the materials for which they paid, and that the increase came as a result of

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made the increased amount which now comes to about thirty-five per cent.

MR. WOODS: There was a time limit in the contract, was there not? 31st of October?

MR. VAN ALLEN: It was not finished until February.

WITNESS: No, it was finished some time in November. About the third week in November the first grain was handled through the house.

MR. WOODS: Well would you say having regard to what you knew of the contract and the conditions under which it was filled --- were the conditions under which the tenders were called improvident? A: Not at all, excepting that when you call with a time limit, as had to be done here, you must expect that you will get higher prices; and as was put down in the statement, the labor cost also over-runs when you come to rush work, as in this case. I might instance one way. If you have time in the construction of an elevator, your scales, delivery spouts and so on are set out so that you can follow an ordered schedule in direction. With rush requirements of delivery, very nearly all the stuff coming in at the tail end of the work, many times you have to swamp men on the work to get it done at all, using two men instead of one in an ordered manner as you would if you had more time, and that again increases costs.

MR. WOODS: But of course the estimate was made with the knowledge that the work was to be all done on the 31st of October. A: I am not quite clear on that point.

Q: It is at page 3. A: But that is the tender form of the Harbor Commissioners.

Q: "He shall carry out the works to the satisfaction of

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the Chief Engineer and the Engineers and under instructions of the Engineers, and shall ^{hand} ~~have~~ same over complete in every detail before the following date: 31st October, 1923."

MR. FARRIS: That was not prepared in Montreal?

MR. WOODS: But the contract, Mr. Farris, includes a time limit, and says "The total cost of the work, being the actual cost plus ten per cent. of the same, less than \$350,000.00, this sum being the engineer's estimate of costs --- " A: I think I can make that clear. The estimate was prepared in our Montreal office, ^{on} but ordinary contracting conditions. Drawings and estimates were sent out here to be dealt with by the Harbor Commissioners. They were dealt with here and the contract drawn up in that way.

Q. In other words you did not make your estimate having regard to the time limit at all? A: No, that is the case; ^{not} that was not ~~and in a rush proposition. Probably they would have~~ stressed at the time that the contracts were taken up.

The question was asked with regard to comparative costs of just the storage portion, and I have made up at Colonel Kirkpatrick's request a tabulation of the actual cost of the storage portion of the house only. This house includes a storage which we state in round figures is eight hundred and fifty thousand bushels capacity; it will hold that. It also includes a shipping house which is designed to work primarily with a jetty, a shipping jetty yet to be built, now under plan in our Montreal office. Also that shipping house provided for a later alteration and inter-connection with the shipping system of the old elevator, and also that shipping house is so designed that it will handle twice or three times the capacity of storage

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that has at present been installed behind it. So that the shipping house is of a size and working capacity that has nothing to do with the storage capacity, its handling capacity, beyond anything that would be needed or beyond anything that would be required at all in a storage house proper. Then sub-dividing the shipping costs here from the storage house costs, that is just the bins alone with the five belts below, the bins and their motors which would be necessary to connect that storage house to the elevator such as an elevator addition at Fort William, and the three belts above the storage house which would be necessary to connect up to existing belts in an elevator, as at Fort William, if this were to be only a storage annex, the cost including the extra cost ---- this is not their estimate but their tabulation of costs works out at thirty-three cents to the bushel, the contract cost. Some of that cost also has been made high - cannot be separated but has been made high - because the work was carried on in conjunction with the shipping house, which meant that the work had to go at a slower rate of progress, particularly in the moving platform work, than would have been the case had the house been built without any interconnection, and the price would have been less than thirty-three per cents. If you take thirty-three cents on eight hundred and fifty thousand bushels, that comes to two hundred and eighty thousand, as you have two hundred and twenty-four thousand as the cost of the shipping house, and the inter-connections in the old elevator, there were ----

Q: So that most of the costs then, the greater proportion of the costs, the increase in the per bushel cost, using it that way, came from the installation of the appliances in

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the workhouse. A: Yes. And that occurred again, as was noted in the statement, in an ordinary addition to an elevator already existing. Where land permits, the addition would be built end-on to the existing storage, and that is the price of the facility which I gave you in this thirty-three cents. The belts below the storage and above the storage would be extended, and the storage bins would simply be built as close as possible to the existing storage bins, and extending in a direct line on to the central main axis of the already existing bins. In this house the area available made it necessary to put the house at one side of the existing working house, and partially overlapping one side of the storage. That was dictated largely too by the requirements of the shipping house, which was a large part of the provision originally contemplated. It was the deciding factor in the location of the shipping house. So that built-in as part of this storage house and part of the shipping facilities there were three inter-connecting cross ^{not longitudinal extensions but} conveyers to the old house, cross-conveyers that were put in through the existing spouting, chopping that out and cutting through machinery and equipment and spouting that was existing there. We also had to add one longitudinal conveyer in the old house carried under the floor, right up close under the floor, instead of on the floor, close under the ceiling instead of on the floor as would be the ordinary case so that we might receive direct to the new house from all three receiving legs. These belts also had to be installed so that not only could they bring grain over to the addition and in the shipping house, but take-out they could return

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grain which was put in that shipping house back to the old workhouse and through that house to the shipping galleries on both the east and west sides of the Lapointe pier. All of that made a complication that is quite additional to anything that would be required of an ordinary shipping house. The shipping facilities were put in designed to handle four or six shipping conveyors which have not yet been built, and the facilities, therefor, the legs and the scales and the housing for it, have all been built and will be used this next season when the shipping gallery is done. It is properly a part of the charge to that shipping facility, not anything to do with assessing the cost of the actual storage house on its storage capacity only.

Q: Well, that is something new that has to come on later. I mean you have not included that in here at all. A: Oh, not at all, but I say the facilities, the housing has been built for these facilities and the elevator leg capacity and scale capacity have been provided.

Q: That cost is in there? A: That cost is in the \$224,000.00, that is the remainder between the pure storage capacity at thirty-three cents a bushel and ---.

MR. COMMISSIONER MACGIBBON: What is the transformer house?

A: The transformer house is for transforming the current which comes in.

Q: It is electrical? A: Electrical. And in this case also, that transformer house is over-capacity for a storage. It includes the shipping-house, it includes the provision of all the panels for the future shipping galleries, and it includes allowance for several extras which have been found

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desirable in power requirements throughout the whole plant there. I am stressing these points because they are items incapable of comparison to a job which is just a storage house which is set down at the tail-end of an existing plant, as is many times possible in Fort William.

Q: Have you any idea how much storage capacity the existing facilities will reasonably take care of? It looks to the creation of greater storage capacity, obviously. A: Obviously.

Q: How much more? A: Two and a half million bushels easily.

Q: Without increasing the workhouse facilities? A: Without increasing the shipping house facilities at all. I make that point on shipping house ---

Q: How about receiving? A: Receiving comes from the other house. The receiving all comes through the track shed of the old house.

MR. VAN ALLEN: You have plans under way now for that additional storage, have you not? A: No, there are no plans under way for that at the present time. As considered that, of course, when the first lay-out was made.

THE CHAIRMAN: The point then seems to be this, bearing in mind more particularly the reason why we are opening up this contract. We would like to know how much money was actually received as remuneration by The Pacific Construction Company from the Board of Harbor Commissioners on account of these two contracts.

MR. WOODS: I don't suppose Mr. Carter knows anything about that. A: We O.K. accounts as they come in and pass them on to the Harbor Commissioners. The Harbor Commissioners deal with our report, that is all.

THE CHAIRMAN: I know Mr. Carter is not the person

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but ---

MR. WOODS: In the first place the Construction Company should only have received \$35,000.00 plus 10% of \$15,000.00.

THE CHAIRMAN: That is another ~~\$1500~~ \$1500.00.

MR. WOODS: Under Item "K" you see there there is "Allowance (maximum) carried on books pending arbitration on contracts with Pacific Construction Company", is it included in that?

THE CHAIRMAN: There is an arbitration at any rate.

MR. WOODS: There is an arbitration apparently, and I think it would be useful to know what claim is made.

THE CHAIRMAN: Well find out how much they have received and what claims they are making and what are-they-~~Ma~~ the Harbour Board claims against them.

MR. WOODS: Who can tell us that? Will Mr. Swan be able to tell us that, or Mr. Beattie, or Colonel Kirkpatrick?

MR. FARRIS: What is this you want exactly to know?

THE CHAIRMAN: We are concerned now with relations between the Harbor Board and the Pacific Construction Company arising out of these two contracts. We know the contracts, we know what they provide for, and we have heard an explanation of the additional expenditures. Now we want to know what amounts of money have been paid on these contracts as remuneration from the Harbor Board to the contractors, and in addition to what has been paid we want to know what additional claim the contractors are making against the Harbor Board.

MR. FARRIS: I will have a statement prepared showing exactly what has been paid or what is in dispute, and the grounds of dispute.

THE CHAIRMAN: The proper person ought to be brought in the box.

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MR. FARRIS: I will have him here. We will have a statement in proper form, and then he can be put in the box.

MR. WOODS: That is as to No. 1. Thank you, Mr. Carter.....

There is one thing I asked Mr. McLean to give me, and which he referred to in his evidence and which I will put in now he has handed it to me this morning. You will remember I asked him when in the box to let me know the amount of the bushels of grain that were represented by outstanding bills of lading as to which warehouse receipts were not delivered up for cancellation. You remember that he testified to the effect that that had been a common practice at the port here, and there was a resolution of the Merchants' Exchange put in showing that they had asked that the practice be followed.

MR. WOODS:
THE CHAIRMAN: The same practice as at Montreal? A- THE same practice there as at Montreal. But you remember that at Montreal they do not release any grain unless, I think I am right in saying, they know it has left Port Colborne or one of these Lake ports and it can only be a matter of four or five days while the boat is coming from the lake port down to Montreal. Now this has been handed to me.

THE CHAIRMAN: I think Mr. MacLean said at first they endeavored to put on some limit of that kind and they found they could not. At all events they don't. All they knew is the car has been billed and has left Edmonton or Calgary.

MR. WOODS: It is rolling. I am putting in this statement with the explanation Mr. MacLean has given me verbally. He states that for instance where there is a shipment he has to put the whole of the shipment on one manifest. Well, he does not deliver up the bills of lading as as to have

warehouse receipts issued on them and the warehouse receipts cancelled until, all the bills of lading that are included in the shipment have been received and the freight paid on them. For instance, there may be a large number of bills of lading delivered over by a shipper, perhaps a hundred bills of lading of different cars included in one shipment, and until all these cars have been received into the elevator, loaded in, and the warehouse receipt issued in respect of them, Mr. MacLean does not return the bills of lading to the registrar for cancellation, and that may account for a considerable amount of the outstanding bills of lading, in this way, that even although they have been delivered up for cancellation, none the less the grain is in the elevator you see, Mr. Chairman, having been received and waiting for the last of the cars included in that lot to be put into the elevator. Now with that explanation this is the statement he gives me, and I will have to ask the Registrar to give us his statement too, so as to compare them. He has given me a statement of the bills of lading on hand as of May 28th, 1924, and he has included in it all the cars, and he has given the date when the bills of lading were surrendered, the car number, and the number of bushels in each car, and he has given a recapitulation of it by sheets, and I will simply give you the totals and the date of the earliest one. At the present time, according to this statement, there is a grand total of 1,148,491 bushels outstanding, warehouse receipts for which have not been delivered up for cancellation, but the grain in respect of which has been shipped out on warehouse receipts.

THE CHAIRMAN: That is these bills of lading and these letters of indemnity and so on.

MR. WOODS: Yes, that is it. So we may take it according to

the records of that time there is that amount of bushels rolling that are not represented by warehouse receipts in the elevator but which have been shipped out from other stock, stock on hand. Of course that figure cannot be taken as accurate.

MR. FARRIS: It is changing day by day.

THE CHAIRMAN: We know. We have a certain practice existing with the concurrence of the grade and the elevator, and on account of the limited facilities here for handling bulk, and we want to see what it amounts to in a given time.

MR. WOODS: And whether it is a serious matter or not.

Now I have the dates here, Mr. Chairman, and looking back over them I think I am right in saying that March 12th is the earliest of these bills of lading that I see noted here. March 12th there was car No. 554374. There was grain loaded out on the Steamer "Wing Blodden" on March 12th. The warehouse receipt for that car of grain of 1500 bushels was delivered up --

THE CHAIRMAN: You talk of warehouse receipt?

MR. WOODS: No, there is no warehouse receipt issued for that yet, since March 12th.

THE CHAIRMAN: You mentioned warehouse receipt.

MR. WOODS: No, it was a bill of lading. The bill of lading was delivered up. There are six or seven in March on that page, and the rest are in April, and they run into May. The greater part at the end are, of course, the recent ones in May. We take it that there are bills of lading outstanding --- there are warehouse receipts outstanding and not cancelled in respect of grain that has been shipped out of the elevator since that date, and this is the 29th of May.

THE CHAIRMAN: In addition to what we are to get from Mr. Farris about contracts, is there anything else we want discussed?

MR. VAN ALLEN: I want to ask the Chairman of the Board some questions regarding the contracts.

MR. WOODS: Mr. Chairman, you may remember that last evening when you adjourned there was a request made by my friend Mr. Van Allen to the Harbour Commissioners in respect of a number of letters and the production of them referring to certain matters that he had mentioned that concerned elevator No. 2. Now I have been engaged this morning in endeavoring to see, and we all have been endeavoring to see, whether that matter can be shortened up by a statement being made that is agreeable to the parties as to avoid the delay that might be caused by going into a long and complicated matter that we are really not concerned with but which might be necessarily introduced if the matter was gone into in evidence and take up a considerable amount of time. We have not been able to get that done right in the work we have been doing this morning, but we have been working at it, and before we re-assemble if time permits we hope to bring in a statement that will avoid the necessity of going into all these letters, that is to say to have the gist of the matter that does not appear to be in controversy, the actual facts that Mr. Van Allen wishes to have put on the record, put on the record with a by admitted statement without introducing these collateral matters which are complicated and which really do not concern, so far as I have been able to judge, after the parties have submitted their differences to me, the essential work of the Commission as we have it in the statement made of the matters we are investigating.

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My friend Mr. Van Allen wants to ask Colonel Kirkpatrick some general questions on No. 5, whether there are any general contractual relations between these bodies; and that concludes Nos. 3, 4 and 5 save as Mr. Farris is going to implement them by the statement of the witness he is producing on the matters that we have just been discussing. After that then the next matter that we were going to take up would be the one concerning the Woodward elevator that my friend Sir Charles Tupper's clients are interested in.

RE EVIDENCE OF LIEUT. E. F. CARTER:

Letter to Messrs. Farris, Farris, Emerson, Stultz and Sloan, Barristers and Solicitors, Vancouver, dated May 26th, 1924.

" We enclose herewith statement in connection with the cost of Elevator #1 which you requested for Mr. Van Allen in reply to his letter to you of May 22nd.

"(1) Mr. Van Allen requests a statement showing the basis on which the original estimates were made, and the additional expenditures that account for the over-run in actual over estimated cost.

"(2) Much of the difference between the estimates on file in Ottawa and the return recently made in the House of Commons, which gave the total cost to February 29th 1924 as \$749,875.54 is accounted for by extra and additional work done but not yet approved by Ottawa, and by capital accounts, land purchases, engineers fees etc., which were not included in the estimates of construction cost that are the only figures on record at Ottawa.

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"(3) Comparison of estimates to cost, with additional expenditures, is given below in parallel columns showing estimates submitted to Ottawa with actual expenditures placed opposite. These indicate that the excess of expenditure above estimate now stand at 27%, an amount largely accounted for by the need to rush construction on the superstructure. This superstructured contract was started in July, and grain was handled in November. Heavy extra expenditure was incurred in equipment purchase, due to rush requirements and time limits on delivery, and extra labour costs were entailed by rush construction needs, overtime, and the necessity while grain was being handled to alter and install connecting equipment in the old elevator and also in the new house. There were some minor alterations and enlargements which increased cost.

"(4) Tenders were called for the foundations on a competitive lump sum basis and the contract was let to the Pacific Construction Co. Work on these foundations proceeded in advance of the superstructure drawings. To ensure the completion of the superstructure at the earliest possible date a cost-plus contract was let to the Pacific Construction Company July 3rd 1923. This enabled superstructure work to proceed before the foundation contract was completed, and also obviated delay which would have been required to call tenders. The Harbour Commissioners required the Pacific Construction Company to advertise for competitive tenders all materials and equipment of the superstructure contract. These tenders were submitted and approved by

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"the Commissioners' Chief and Consulting Engineers.

"(5) Competitive tenders were called by the Harbour Commissioners direct for the greater portion of the transformer house work, which covered equipment - the structure only, representing about \$7,000 being instructed to the Pacific Construction Co., as an extra at cost-plus 10%. The same procedure was followed with regard to equipment for the lower gallery, - structure and spouting in the amount of \$7,500 being instructed to the Pacific Construction Co., at cost plus.

"(6) Tabulation is enclosed herewith which indicates present total as \$711,547.00 and accounts for amount of \$749,857.54 above noted. We trust this may give the information which Mr. Van Allen desires."

Edw. F. Carter
John S. Metcalf Co., Ltd.,
Consulting Engineers.

W. C. Swan
Chief Engineer,
Vancouver Harbour Commissioners.

P. M. Ferris
Chief Accountant.
Vancouver Harbour Commissioners."

NO. 1 ELEVATOR ADDITION.COMPARATIVE TABLE OF ESTIMATED COSTS & EXPENDITURESESTIMATESEXPENDITURES(A) Foundations:

Submitted Ottawa April 9/23	\$55,000.00	Lump sum Contract to Pacific Const.Co	
			\$ 42,807.00

(B) SUPERSTRUCTURES

Submitted Ottawa June 8th and 18th. 1923	359,000.00	Cost Plus Contract to Pac.Const.Co.inclusive, \$35,000 fixed fee, plus 10% for instructed extras	
			504,000.00

(C) TRANSFORMER HOUSE

Submitted Vanc.Harbour Commissioners, Sept.5/23	55,020.00	Equipment direct purchase Vanc.Harbour Commrs' structure, erected Pac. Const Co. as extra at cost plus 10%	
			54,000.00

(D) LOWER RETURN GALLERY

Submitted Ottawa Sept 27/23	16,150.00	Ditto ditto	15,500.00
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(Excess to this point 27%)	\$485,170.00		\$616,307.00
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Add to Cost, items carried on Vancouver Harbour Commissioners books, but not included in John S. Metcalf Company's Estimate -

(E) Engineering fees on foundations & superstructures	27,340.00
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(F) Vancouver Harbour Commrs. Eng. Dept, accounting check on cost plus work, inspection, alter power wires etc.,	9,380.00
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(G) Vanc' Harbour Commrs.Eng.Dept.preliminary costs	3,190.00
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(H) Van. Harbour Commrs. Laying water main.	1,260.00
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(I) Van. Harbour Commrs.- Interest on bank overdraft	9,070.00
--	----------

(J) Cost of land on which elevator was built.	20,000.00
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(K) Allowance (maximum) carried on books pending arbitration on contracts with Pacific Construction Company	85,000.00
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29-5-24

\$ 711,547.00

(L) In making statement of cost to February 29, 24, book accounts in amount \$649,857.54 were totalled (which included in error some costs of re-conditioning old Elevator #1) an allowance for completion and all contingencies was added in amount of \$100,000.00. This figure now appears too large by - - - - - 38,310.54

\$ 749,857.54

P. M. Ferris

Chief Accountant

Vancouver Harbour Commissioners.

Edw. F. Carter

John J. Metcalf Co. Ltd.
Consulting Engineers.

W. G. Swan

Chief Engineer.

Vancouver Harbour Commissioners.

VANCOUVER, B.C. May 26th, 1924

EXHIBIT 58 (COCK)

VANCOUVER HARBOR COMMISSION.

FOUNDATIONS FOR ADDITION TO GOVERNMENT
ELEVATOR, BARRARD INLET.

THE PACIFIC CONSTRUCTION CO. CONTRACTORS.

FORM OF TENDER, SPECIFICATION & CONTRACT.

May 1923

Office of Chief Engineer,
Vancouver Harbor Commissioners
Vancouver, B.C.

VANCOUVER HARBOR COMMISSIONERS.

VANCOUVER HARBOR - VANCOUVER, B.C.

Tenders for work on "FOUNDATIONS FOR ADDITION TO GOVERN-
MENT ELEVATOR", Barrard Inlet.

TO THE VANCOUVER HARBOR COMMISSIONERS:-

Gentlemen:

WE, the undersigned, hereby agree to carry out and complete all the work as indicated in plans 1, 2 and W.B.818 of 4th April, 1923 - prepared by John S. Metcalf Co., Limited, Consulting Engineers, to the Board, and in accordance with the Specifications of the same date (which we hereby acknowledge having examined) at the rates shown in the attached Schedule of quantities and prices.

We further agree that the date of delivery of such works fully completed to the Vancouver Harbor Commissioners shall be within Thirty nine days.

✓ 1

SCHEDULE OF QUANTITIES AND PRICES.

Description of work.	approx.	Tendered	
	quantity	Price	TOTAL
1. Pier Excavation, including removal of material, unwatering and shoring	2,200 cu. yds.	1.70	3740.00
2. Surface Excavation at North end of site	250 "	1.50	375.00
3. Pier construction of 1:3:5 concrete	1,960 "	11.90	23382.00
	TOTAL		\$ 42,807.00

Forty-two Thousand Eight Hundred Seven,

Total amount of Tender \$ 42,807.00

Dated at Vancouver, this 21st....day of.....April.....1923

Signature: The Pacific Construction Company, Limited,
(Sgd) J.L. Davidson-
President.

Witness (sgd) J. A. Radford

Address - Hotel Newport, Vancouver, B. C.

E.R. The Harbor Commissioners do not bind themselves to accept the lowest or any tender.

VANCOUVER HARBOR COMMISSIONERS

ADDITIONAL STORAGE TO NO. 1 GRAIN ELEVATOR

VANCOUVER, B. C.

S P E C I F I C A T I O N S .

OF THE MATERIAL AND WORK NECESSARY FOR THE SUB-FOUNDATIONS OF EXTENSION TO A GRAIN ELEVATOR, INCLUDING ALL EXCAVATIONS, BACKFILLING AND CONCRETE MASONRY, TO BE BUILT FOR THE VANCOUVER HARBOR COMMISSIONERS, HEREINAFTER DESIGNATED "THE COMMISSIONERS": THIS ADDITION TO ELEVATOR TO BE LOCATED NEAR GOVERNMENT PIAP, VANCOUVER. THESE FOUNDATIONS ARE TO BE BUILT IN ACCORDANCE WITH THE ACCOMPANYING DRAWINGS AND THE FOLLOWING SPECIFICATIONS.

FURNISHED BY

JOHN S. METCALF CO. LIMITED

ENGINEERS

MONTREAL

APRIL 4th, 1923.

GENERAL CONTRACT CLAUSES.INTERPRETATION:

The following words when used in these specifications shall have the following meanings respectively, that is to say "Commissioners" or other words relative thereto when used in these specifications, shall mean the Vancouver Harbor Commissioners.

"Chief Engineer" shall be understood as referring to the Chief Engineer of the Vancouver Harbor Commissioners, or to his duly authorized representative the work "Engineers" shall be understood as referring to the John S. Metcalf Co. Limited, or their authorized representative; and the word "Contractor" shall be considered as being applicable to all of the members of any firm or corporation which shall be awarded the contract for the construction of the work herein specified, or any portion thereof.

DRAWINGS:

The Engineers will furnish the Contractor all necessary drawings, and will give such instructions as will clearly show the construction of the work in all its parts.

The plans and drawings, which may, from time to time, be furnished, are to be considered as part of these specifications.

In all cases where measurements shown on the drawings are figured, the figures shall be given the preference over the dimensions according to the scale; but in any case where there is a manifest discrepancy between the scaled and the figured dimensions, the Contractor shall call the attention of the Engineers to same.

DUTIES OF THE CONTRACTOR.

The Contractor for this work shall furnish all labor and materials, derricks, tools and implements of every kind necessary for the proper performance of the work, all of which shall be done in a thorough, substantial and workmanlike manner and to the entire satisfaction of the Chief Engineer. He will be held strictly to execute such work and to use such materials as are described and mentioned in these specifications or shown on the drawings. He will be held further to submit as to the character of the materials used, and the work performed, to the judgment of the Engineers, and to procure from ^{them} all necessary interpretations of the drawings and specifications. The drawings and specifications will not relieve the Contractor from any part of his contract obligations, nor entitled him to any extra compensation; the presumption being that the Contractor shall be sufficiently expert and familiar with this special line of construction to observe and correct any discrepancies in figures or description in either drawings or specifications, and that the requirements of the Engineers in this respect will be cheerfully and promptly complied with by the Contractor, without extra charge over the contract price for the whole. The Contractor may at any time require instructions given by the Engineers to be stated in writing.

Minor omissions in the plans or specifications will not relieve the Contractor of any responsibility, as it is impossible to show everything in detail. The Contractor shall be liable to all the conditions of the contract until the whole work is finished and accepted.

11-58
THE WORK TO BE PERFORMED UNDER THE TERMS AND
CONDITIONS AS CALLED FOR IN THE FOLLOWING SPECIFICATIONS:
BUILDING PERMITS.

The Contractor shall provide such building permits as are required by the local ordinances, Provincial or Dominion Governments, and the Contractor shall comply with all local, Provincial or Dominion laws and regulations.

LOCATIONS:

The Chief Engineer shall give to the Contractor the exact location of the buildings, and a convenient bench mark from which all levels shall be taken. When given they must be preserved by the Contractor from being lost or disturbed, and the Contractor will be held responsible for any mistakes that may be caused by their loss or disturbance.

GROUND AND SURROUNDINGS.

Parties bidding on this work must examine the grounds, buildings and surroundings and inform themselves of the conditions under which the work must be performed.

The entire grounds shall be cleaned of all rubbish and debris, and the site left in satisfactory condition, after the contract is completed.

RETURNING PLANS:

All plans submitted to tenderers on award of contract shall be returned to the Chief Engineer except in case of successful tenders, and then on completion of work.

OTHER CONTRACTORS:

The Contractor shall communicate with other Contractors whose work may affect him, so as to

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promote harmony of the respective works, any difference of opinion being arbitrated by the Chief Engineer, whose decision shall be binding on all parties.

INSPECTION:

The Contractor shall furnish every facility for the inspection of materials and workmanship, and no part of the work shall be covered up until inspected by the Engineers.

TIME OF COMMENCEMENT AND COMPLETION.

The Contractor shall commence the shipping of tools and material to the elevator site immediately upon being awarded the contract. He shall commence the work herein specified upon being given possession of the site, and shall so conduct the work that on or before June 1st, 1923, the whole work covered by his contract and these specifications shall be entire completed.

FORFEIT.

The Contractor shall forfeit and pay to the Commissioners the sum of One Hundred Dollars (\$100.00) for each and every day that the work, as covered by his contract and these specifications, is not completed after June 1st, 1923, and this amount shall be deducted from the moneys due the Contractor as liquidated damages.

DETAILED SPECIFICATIONS.

This Contract is to cover excavation and the construction of the concrete foundations to the level shown on drawings i.e., 109.75 and 105.5 and 99.0

EXCAVATION AND BACKFILLING.

Excavate over the north portion of the area occupied by the building to the depth shown on the

1190

drawings. Sufficient material for backfilling outside this portion of the building shall be deposited at convenient points near the excavation, as the Engineers shall direct. The surplus shall be removed from the site.

PIMMS-

The fifty-one cylindrical piers shown on drawings are all of 7 feet diameter, but of varying length. They must be located exactly as shown on plan; they must be carried down to bed rock in every case and tops finished off legal at the elevations given with projecting dowels were shown. It is at the option of the Contractor whether he uses hollow concrete cylinders or wood or metal as forms to allow of the excavation being carried down, but the attention of the Contractor is particularly called to the fact that it will be necessary for him to execute a large portion of the excavation for piers below water line, and that he must make provision for pumping as no concrete will be allowed to be deposited under water or until the bed rock at the bottom of each excavation has been laid bare and, after examination by the Engineers, certified as satisfactory. The Contractor will be required to level off the rock at the bottom of each cylinder, if necessary, to provide a good surface for the pier.

SHORING .

Contractor must shore embankments or trenches where necessary, or when directed, and remove without charge, material which may have caved in. He must leave the site and his work in a clean, safe condition with embankments properly shored for the superstructure contractor.

1191

PUMPING AND SHEET PILING.

The Contractor shall, at his own expense, do any pumping which may be necessary to keep the work clear of water, and shall furnish and drive any sheet piling which may be required, to prevent the water from interfering with the rapid execution of the work, or the banks from caving in.

CEMENT.

"Cement" shall be Portland Cement, complying in every particulars with the "Specification for Portland Cement and Standard Methods of Testing" adopted by the Engineering Institute of Canada.

As far as practicable, the same brand shall be used throughout each piece of work.

WATER:

The water used for making mortar and concrete must be fresh, perfectly clean and free from oil, acid, vegetable matter, or dirt of any kind.

Sea or salt water shall not be used for mixing concrete. Likewise only perfectly fresh water shall be used for damping down the concrete during the period of setting, or for washing down concrete which has set before commencing to repair.

The water for each batch of concrete must be measured in a small tank so as to insure the same amount being used each time.

SAND:

Sand shall be clean, coarse and sharp, free from all salt, loam or vegetable matter, passing when dry, through a screen with 1/4" openings; and not more than 6% shall pass through a screen having 100 meshes

per lineal inch each way.

Sand shall be thoroughly washed if so required by the Engineers.

BROKEN STONE.

All the stone used shall be clean, hard and durable, free from dust or other deleterious substances, and perfectly clear of foreign matter. It shall be broken into angular fragments of the nature of cubes, free from flat or slaty pieces, and be well graded in sizes to reduce the voids to a minimum. The stone shall be broken to pass in any direction through a $3\frac{1}{2}$ " mesh.

GRAVEL:

If gravel is used in place or, or mixed with broken stone, it shall consist exclusively of clean, hard and durable stones, free from dirt, loam, clay, sticks, roots or other vegetable matter or injurious substances. The sizes of stones must vary from 1,4" mesh up to the maximum specified and washed clean with fresh water.

CONCRETE.

The concrete shall be composed of stone, sand and cement hereinbefore specified; these ingredients shall be measured by volume.

The concrete shall be composed of stone, sand and cement hereinbefore specified these ingredients shall be measured by volume.

The concrete shall be composed of one part Portland cement, not more than three parts sand and not more than five parts broken stone.

The above mixture represents the smallest proportions of cement that will be allowed. The proportions of sand or stone or both, shall be reduced if necessary; so that the said will overfill the voids in the stone 20% of such voids, and the cement overfill the voids in the said 10% of the voids in the said. It shall be assumed in making the above mixtures that a cubic foot of cement weights 94 pounds.

Cement shall be measured in the original packages. The sand and stone must actually be measured in bulk. No counting of shovel-fulls or other approximations will be allowed.

A batch mixing machine approved by the Engineers shall be used. The ingredients shall be placed in the machine in the volume specified, and sufficient water added to form a mixture, fluid enough to give clean, smooth surfaces when deposited in the forms. The mixing shall be continued until the mass is uniform, and until the cement is evenly distributed through the mass, when the latter shall be of a uniform color. Mixing shall be done as rapidly as possible, and the batch shall be deposited in the work without delay.

All concrete shall be mixed in small and convenient quantities and immediately deposited in the work. It shall be carefully placed, and not dropped in such a manner as to separate the mortar from the broken stone. It shall be laid in sections and horizontal layers^{enough}. It shall be made wet through to pack solidly and with very little ramming and to form work which is smooth and free from voids, and shall still not be so fluid as to flow through the cracks in the forms.

TESTING MATERIALS:

All cement before being placed in the work shall be tested by responsible testing laboratory engineers, satisfactory to the Engineers. The cost of such testing shall be paid by the Contractor.

LIST OF DRAWINGS:

The following drawings are a part of these Specifications:-

1. - Foundation Plan.

2. - Foundation Sections

WB-818- Borings.

THIS INDENTURE made the.....24th day of April in the year of our Lord one Thousand nine hundred and twenty-three:

BETWEEN :

THE PACIFIC CONSTRUCTION COMPANY, LTD.,
Hereinafter called the "Contractors"
OF THE FIRST PART

- and -

THE VANCOUVER HARBOR COMMISSIONERS,
Hereinafter called the "Commissioners"
OF THE SECOND PART.

WITNESSETH that the ...24th.....day of AprilA.D....1923 the "Contractors" delivered to the Corporation a tender by which the said "Contractors" tendered and undertook for the consideration therein stated to do all the works, materials, matters and things therein described or mentioned in these presents for works on "Foundations for Addition to Government Elevator, Burrard Inlet," as indicated in the plans and specifications therein mentioned including all work contingent thereon in strict accordance with the and subject to the terms, provisoes and conditions hereinafter and in the said tender set forth and mentioned and the "Commissioners" accepted such tender.

NOW THESE PRESENTS WITNESSETH that it is hereby covenanted and agreed between the "Contractors" and "Commissioners" as follows, that is to say:

General. 1. In consideration of the covenants and agreements hereinafter mentioned to be performed by the parties hereto and of the sum mentioned in said tender, which sum is hereafter called the con-

tract price to be paid to the "Contractors" subject as in manner hereafter stipulated.

2. The "Contractors" will perform, provide, execute and do all the works, materials, matters and things described or mentioned in these presents and in accordance with the terms mentioned in said tender and all extra work which may be ordered under the powers herein contained, such plans and specifications are to be considered as explanatory of each other and should anything appear in one of these documents not described in the other of them, no advantage shall be taken of any such omissions, and the following are the general conditions of the contract:

Extent of contract. 1. The works covered by this contract shall include the following:

1. Pier Excavation including removal of material unwatering and shoring.
2. Surface Excavation at north end of site
3. Pier construction.
4. Supplying of all materials, equipment, labor and supervision in connection with same.

Interpretation. 4. The following words when used in this contract shall have the following meanings respectively, that is to say - "Commissioners" or other words relative thereto when used in this contract, shall mean the Vancouver Harbor Commissioners. "Chief Engineer" shall be understood as referring to the Chief Engineer of the Vancouver Harbor Commissioners, or to his duly authorized representative; the word "Engineers" shall be understood as referring to the John S. Metcalf Co. Limited, or their authorized representative, and the word "Contractor" shall be

considered as being applicable to all of the members of any firm or corporation which shall be awarded the contract for the construction of the work herein specified, or any portion thereof.

Prosecution of work and time for completion. 5. The Contractor shall, at his own expense, provide all labor, plant and materials for the proper expeditious completion of the works according to specifications attached herewith. He shall carry out the works to the satisfaction of the Chief Engineer and the Engineers and under instructions of the Engineers and shall hand over same complete in every detail before the following date: 25th day of June, 1923.

If necessary, he shall carry on the work or works in such order as the Engineers may from time to time direct, and shall, if required to do so by the Engineers, employ additional labor or provide additional plant to accelerate the work.

Delays. He shall make no claim for any delays to the work, but such delays shall be considered in adjusting the date of completion.

Access. 6. The Chief Engineer, the Engineers and their Assistants shall at all times have free access to any part of this work.

Time & Extension. 7. In the commencement, progress and completion of the Contract time shall be deemed to be material and of the essence of this Contract.

Penalty. 8. If the Contractor shall fail in the due performance of the Contract by and at the time hereinbefore mentioned or referred to, or at any other than the day to which the period of completion may have extended, he

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shall be liable to pay the Commissioners, as and for agreed liquidated damages, the sum of One Hundred (\$100.00) Dollars for each and every day which may elapse between the appointed and actual time for completion and delivery hereinbefore mentioned or provided for, or the Commissioners may deduct the same from the money in their hands due, or to become due, to the Contractor.

Quality. 9. The works shall be constructed of the best materials of their several kinds and finished in a workmanlike manner in accordance with drawings to be furnished by the Engineers. The whole shall be done to the complete satisfaction of the Chief Engineer and the Engineers.

Payments. 10. Monthly payments shall be made to the Contractor equal to ninety (90%) percent of the value of the work to be done at the Contractor's rates while the final and complete payment shall be made within sixty (60) days of completion of the work, provided the work has been completed to the satisfaction of the Chief Engineer and the Engineers. The Contractors shall in addition first satisfy the Commissioners that there are no outstanding accounts chargeable against the works.

Extra work. 11. The Engineers may, in carrying out this Contract, order, in writing, extra works to be done, which are not specifically covered by the accepted tender. Payment to the Contractor for such work shall be cost (based on prevailing rates and prices) plus ten per cent (10%) to cover supervision and tools. Equipment other than tools shall be paid for at prices to be agreed to by the Engineers in writing prior to commencement of any extra work. Where materials are supplied by the Commissioners, the percentage shall apply on

the labor only. No head office expenses of the Contractor shall apply on extra work charges.

Defective work. 12. Defective work, which may become apparent during construction, or within one month after completion of such construction, shall be removed or replaced or repaired by the Contractor at his own expense, on instructions from the Engineers.

Alterations in plans. 13. It shall be understood that the drawings represent the nature of the work to be executed and not necessarily the works exactly as they will be carried out. The Engineers shall be at liberty to make any reasonable alteration or to furnish any additional or amended drawings, instructions and directions as he may deem advisable, and the Contract shall not be invalidated by any such alteration. The value of such alteration shall be ascertained by measurement and at the rate set forth in the schedule of quantities and Prices, or at the rates to be settled as herein provided, and be added to or deducted from the Contract sum, as the case may be.

Anticipated Profits. 14. No claim shall be made by the Contractor for any increase or decrease in the quantity of work to be done and no claim shall be made for anticipated profits.

Contractors representative on the works. 15. The Contractor shall keep constantly on the works a competent superintendent or general foreman and any directions or explanations given by the Engineers to such superintendent or foreman shall be held to have been given to the Contractor.

Dismissal of men. 16. If in the opinion of the Engineers any sub-contractor, agent, manager, foreman, or clerk of the works, or anyone or more of the foreman employed by the Contractor on the works shall be incompetent, or shall act in any improper manner, or refuse to alter any work which may be objected to by the Engineers or by any of their Assistants, the Engineers shall be at full liberty to require the immediate removal of such employee, and the Contractor shall not employ him or them on the works again, without permission.

Default or Delay by Contractor. 17. In case the contractor makes default or delay in commencing or in diligently executing any of the works covered by this contract, the Commissioners may give a general notice in writing to the Contractor that the Contractor has made such default, and should the Contractor during six (6) days, (including Sundays) from the giving of such notice fail to remedy such faults or delays to the satisfaction of the Engineer, or should the Contractor fail to complete the works within the time specified by this Contract or become insolvent, or abandon the works, the Commissioners may take such work from the Contractors hands and complete same at the Contractor's expense. Under such circumstances all materials, plant, powers and privileges possessed or provided by the Contractor for this work shall be subject to a lien in favor of the Commissioners for all purposes incidental to the completion of these works.

Service of Notice. 18. Notices addressed in writing to the contractor which have been either left at or sent by post to such office, or which have been delivered to the

Contractor's agent, upon the work, shall be deemed to have been properly delivered to the Contractor.

DAMAGE TO WORK, Persons or Property. 19. The Contractor shall be responsible for all damage to works during course of construction. He shall also protect the Commissioners from and against any claims, loss, damages, actions, suits or other proceedings due to any injury or damage sustained by persons or property occasioned by these works.

Labor. 20. Whenever possible labor for these works shall be secured through the local branch of the S.C.A. No Asiatic labor shall be employed.

Wages. 21. Fair and reasonable rates of pay shall apply to all skilled and unskilled labor employed on this contract. Any dispute arising between the Contractor and his labor as to classification rates of pay, and length of working day shall be referred to the Dominion Fair Wage Officer, or arbiter. His decision in this matter shall be final.

Settlement of Disputes. 22. If any dispute or difference shall arise during the progress or maintenance of the work as between the Commissioners and the Contractor it shall be referred to a Board consisting of three arbitrators, one to be appointed by the Commissioners, one by the Contractor, and these two to select a third, or failing to agree on a third arbitrator the appointment shall be made by the Council of the Engineering Institute of Canada. The decision of these arbitrators shall be final and binding on both parties.

Port Regulations & Dues. 23. The Contractor shall be subject to the rules and regulations of the Port, and the Contractor shall pay in respect of all materials and things required in connection with this Contract, the dues, rates, and charges in force for the time being, on or at the wharves, docks, railways and sidings, of the Commissioners, whether such dues are increased or lowered during the execution of the work or not.

Contractor to furnish Bond or accepted Cheque. 24. The Contractor hereby and herewith deposits with and delivers to the Commissioners as security for the due fulfillment of this Contract, an accepted cheque or bond at his own expense, a bond satisfactory to the Commissioners to the extent of ten per cent (10%) of the value of the Contract, and shall hand over the necessary documents free of charge to the Commissioners as security for the due and faithful performance, observance and fulfillment by the Contractor of all covenants, provisos, agreements, conditions and reservations in this contract contained on the part of the Contractors to be observed, performed and complied with, provided always and it is understood and agreed that the Contractor assume the risk and must bear any loss in respect of the security deposited as aforesaid occasioned by the failure or insolvency of the bank on which any cheque was drawn.

Use of Bond Monies: 25. If at any time hereafter the said contractor should make default under the said contract, or if the Commissioners acting under the powers reserved in the said contract shall determine that the said works or any portion thereof remaining to be done

should be taken out of the hands of the contractor or be completed in any other manner or way whatsoever than by the Contractor, or if the Contractor refused or neglects to pay any salaries or wages or any accounts due by the said Contractor for work or material supplied by any person in connection with the said work, the Commissioners may in either case dispose of such security or of the interest which may have accrued thereon for the carrying out of the construction or completion of the Contract, or for paying any salaries or wages for work done, or any accounts for materials supplied for the said works that may be left unpaid by the said Contractor.

Return of Bond. 26. Upon the due and faithful performance, observance and fulfillment of the Contractor of all and every the terms, provisions, covenants, agreements, conditions and reservations hereinbefore contained in the part of the Contractor to be observed, performed and complied with, the Contractor shall be entitled to be repaid or to receive again the money so deposited together with so much interest upon such money as the Commissioners may during its retention or possession of the same, actually receive by reason thereof; it being however understood that the Commissioners shall not be under any obligation to cause the said money to be placed at interest, or to earn or to endeavor to earn interest thereon.

Forfeiture of Bond. 27. In the event of any breach, default or non-performance being made, or suffered by the Contractor in or in respect of any of the terms or conditions, covenants, provisions, agreements, or restrictions herein contained, which on the part of the

said contractor should be observed, performed or complied with, the said money and interest thereon so delivered to or deposited with the Commissioners or by it received in respect thereof, shall by the Contractor be forfeited absolutely to the Commissioners.

Local By-Laws. 28. The Contractor shall in carrying these works conform to any local by-laws which may effect the same and shall also obtain at his own expense any permit which is required before proceeding with construction.

Insuring. 29. The Contractor, shall, if required to do so by the Commissioners, insure, as his own expense during construction, the said works against damage by fire or any other reasonable cause.

Subletting. 30. This contract shall not be sub-let except on the written authority of the Commissioners and in event of the work of the sub-contractor being unsatisfactory to the Commissioners, such permission may be revoked.

Purchase of Canadian or British Goods. 31. Wherever possible materials used in this contract shall be purchased in Canada or within the British Empire. In event of the Contractor desiring to make purchases in a foreign market, he shall first obtain the consent of the Commissioners to do so.

IN WITNESS WHEREOF the said Parties here hereunto affixed their corporate seals attested by the hands of the proper officers in such behalf the day and year first above written.

THE CORPORATE SEAL OF)
 THE PACIFIC CONSTRUCTION)
 COMPANY LIMITED, WAS)
 HEREBY AFFIXED IN THE)
 PRESENCE OF :

(Sgd) J.L.Davieson,
 President.
 (Sgd) W.S.Lane,
 Secretary.

THE CORPORATE SEAL OF)
 THE VANCOUVER HARBOR)
 COMMISSIONERS WAS HERE-)
 BY AFFIXED IN THE)
 PRESENCE OF :

(Sgd) Guy H. Kirkpatrick,
 President,
 (Sgd) W.D.Harvie
 Secretary.

EXHIBIT 29 (COPY)

VANCOUVER HARBOR COMMISSIONERS.

WORK ON SUPERST. ACTULE EXTENSION TO
NO.1 ELEVATOR.

TENDER, SPECIFICATION & CONTRACT.

Vancouver B.C.
July 1923

Office of Chief Engineer,
Vancouver Harbor Commissioners
Vancouver B. C.

Specifications by Metcalf & Co.,
of Montreal.

1.

(Letter Oct. 3rd, 1923, W.C.Swan, Chief Engineer
to Messrs. Pacific Construction Co., with copies
to Mr. E.F.Carter and Mr. Darling, re Rental
Equipment No. 1 Elevator Extension - not transcribed)

2.

(Reply John J. Metcalf Co. to the Chief Engineer,
dated Aug. 3rd, 1923, not extended).

3.

(Tentative scale of rentals enclosed with letter
last referred to, not transcribed).

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VANCOUVER HARBOR COMMISSIONERS

VANCOUVER HARBOR VANCOUVER, B.C.

Tenders for work on Super-structure of No. 1 Elevator Extension.

TO THE VANCOUVER HARBOR COMMISSIONERS:

Gentlemen:

We, the undersigned hereby agree to carry out all works in connection with the construction of the super-structure of the extension to No. 1 Elevator belonging to the Vancouver Harbor Commissioners including the work in connection with the present working house, all in accordance with the plans and specifications prepared by the Commissioners' Consulting Engineers, the John S. Metcalf Co. Limited, of Montreal (which plans and specifications we hereby acknowledge having examined) on the basis of actual cost plus ten per cent (10%) subject to the following conditions.

- 1st. We are to receive as our fee for superintendence of the work and furnishing tools, ten percent (10%) of the actual cost but in no case shall our percentage exceed Thirty-five Thousand Dollars (\$35,000)
- 2nd. Should the total cost of the work (being the actual cost plus ten percent (10%) of the same) be less than three hundred and fifty thousand (\$350,000.00) Dollars, this sum being the Engineers' estimate of cost, then we are to receive fifty percent (50%) of the difference between such total cost and the Engineers' estimate of cost of Three Hundred and Fifty Thousand (\$350,000.00) Dollars this is to say we shall share equally with the Commissioners in the saving so effected.
- 3rd. We agree to advertise in the local papers for all materials to be purchased in connection with the construction of these works, except sundries, and we further agree to submit for the approval of the Commissioners' Consulting Engineers all such tenders hereby received and to submit to their selection of the successful tenderer.
- 4th. It is understood as per terms of the Contract,

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that no head office expenses of the Contractors will be included in accounts chargeable against this contract, that is to say, only the Superintendent continuously employed on the works, his Chief Foreman and his Engineering Assistant, Purchasing Agent, Storekeeper, Head Timekeeper and three checkers, one Draftsman temporarily employed at the outset, Foremen and Strabosses, in addition all mechanics and laborers shall be included on the pay roll constituting a part of the cost on which the percentage shall apply.

5th. Our books shall be open at all times to the Commissioners' Auditor or such other officer or officers as the Commissioner may appoint to inspect the same.

6th. The work shall be fully completed and handed over to the Commissioners on or before ~~that~~ the 31st day of October, 1923.

7th. We will undertake to carry out the alterations and additions in the present Workhouse of No. 1 Elevator other than those called for by the plans and specifications, if so ordered in writing by the Commissioners on the basis of actual cost plus ten per cent (10%). No percentage shall apply on any ~~materials~~ materials supplied by the Commissioners.

8th. We are to receive a monthly settlement within ten (10) days of the submission of our Monthly Statement to the Engineers, which statement shall include all receipted accounts and payrolls incurred in carrying out this contract. All accounts, payrolls, etc., shall be passed by the Chief Engineer and Engineers before same are considered to be in order for payment by the Commissioners.

9th. In addition to the monthly settlement as above outlined we are to receive at the same time, nine (9%) per cent. of the amount of such accounts, payrolls, etc., as a part of the stipulated fee. The percentage he back amounting to one (1%) per cent shall be paid by the Commissioners within sixty (60) days of the acceptance of the completed works.

10th. The following schedule of rentals shall apply to equipment which the Contractor may supply, with the consent of the Consulting Engineers, for carrying out this constructions. It is further agreed that no percentage shall apply on the equipment so supplied. Rental shall include ordinary wear and tear.

Dated at Vancouver, B.C. day of July, 1923.

Signature of Contractors.....
 The Pacific Construction Co. Limited
 (3rd) J.L. Davidson,
 President.

Witness: (3rd) J.H. Halpire
 W.E. Lane - Secretary.

"THIS INDENTURE MADE THE3rd.....day of July...../ in the year of our Lord one thousand nine hundred and twenty-three-

BETWEEN PACIFIC CONSTRUCTION COMPANY LTD hereinafter called "the Contractors"

OF THE FIRST PART

and

THE VANCOUVER HARBOR COMMISSIONERS hereinafter called the "Commissioners"

OF THE SECOND PART.

WHEREAS on the.....16th day of June.....A.D. 1923

the Contractors delivered to the Corporation a tender by which the said "Contractors" tendered and undertook for the consideration therein stated, to do all the works, materials, matters for works on the Super-structure of No. 1 Elevator Extension as indicated in the plans and specifications therein mentioned including all work contingent thereon in strict accordance with and subject to the terms, provisos and conditions hereinafter and in the said tender set forth and mentioned and the "Commissioners" accepted such tender.

NOW THESE PRESENTS WITNESSETH that it is thereby covenanted and agreed between the "Contractors" and "Commissioners" as follows, that is to say:-

I. In consideration of the covenants and agreements hereinafter mentioned to be performed by the parties hereto and of the sum mentioned in said tender, which sum is hereafter called the contract price to be paid to the "Contractors" subject as in manner hereafter stipulated.

2. The "Contractors" will perform, provide, execute and do all the works, materials, matter and things described or mentioned in these presents and in accordance with the terms mentioned in said tender and all extra work which may be ordered under the powers herein contained, such plans and specifications are to be considered as explanatory of each other and should anything appear in one of these documents not described in the other, no advantage shall be taken of any such omission and the following are the general conditions of the contract,

of 3. The works covered by this Contract shall include the
et. following:

1. One concrete storage house 100' x 105' x 115' in -- height.
2. One concrete Shipping House 21 x 75 x 150' in -- height.
3. One conveyer gallery bridge --
4. Certain equipment and machinery as per specification. --
- 5 All equipment, labor and necessary superintendence required for the expeditions completion of said works.

tion. 4. In this Contract the word "work" or "works" shall mean the whole of the labor, material and equipment required to be furnished by the "Contractor". The word "Commissioners" shall mean the Vancouver Harbour Commissioners. "Chief Engineer" shall be understood as referring to the Chief Engineer of the Vancouver Harbor Commissioners, or to his duly authorized representative; the word "Engineers" shall be understood as referring to the John S. Metcalf Co. Limited, or their authorized representative; and the word "Contractor" shall be considered as being applicable to all the members of any firm or corporation which shall be awarded the contract for the construction of the work herein specified, or any portion thereof.

5. The Contractor shall at his own expense provide all labor plant and materials for the proper expeditions completion of the works according to specifications attached herewith. He shall carry out the works to the satisfaction of the Chief Engineer and the Engineers and under instructions of the Engineers, and shall hand same over complete in every detail before the following date: 31st October, 1923.

If necessary he shall carry on the work or works in such order as the Engineers may from time to time direct, and shall, if required to do so by the Engineers, employ additional labor or provide additional plant to accelerate the work.

He shall make no claim for any delays to the work, but such delays shall be considered in adjusting the date of completion.

6. The Chief Engineer, the Engineers and their Assistants shall at all times have free access to any part of this work.

7. In the commencement, progress and completion of the Contract, time shall be deemed to be material and of the essence of this contract.

8. If the Contractor shall fail in the due performance of the Contract by and at the time hereinbefore mentioned or referred to or at other than the day to which the period of completion may have extended, he shall be liable to pay the Commissioners, as and for agreed liquidated damages, the sum of Five Hundred (\$500.00) Dollars for each and every day which may elapse between the appointment and actual time for completion and delivery hereinbefore mentioned or provided for, or the Commissioners may deduct the same from the money in their hands due, or to become due, to the Contractor.

9. The works shall be constructed of the best materials of their several kinds and finished in a workmanlike manner in accordance with drawings to be furnished by the Engineers. The whole shall be done to the complete satisfaction of the Engineers.

10. These shall be made in accordance with clause eight (8) and (9) of the Tender.

11. The Engineers may, in carrying out this contract, order in writing, extra works to be done which are not specifically covered by the accepted tender. Payment to the contractors for such work shall be cost (based on prevailing rates and prices) plus ten percent (10%) to cover supervision and tools; equipment other than tools shall be paid for at prices to be agreed to by the Engineers in writing prior to commencement of any extra work. Where materials are supplied by the Commissioners the percentage shall apply on the labor only. No head office expenses of the Contractor shall apply on extra work charges.

12. Defective work which may become apparent during construction, or within sixty (60) days after completion of such construction, shall be removed or replaced or repaired by the Contractor at his own expense, on instructions from the Engineers.

13. It shall be understood that the Drawings represent the nature of the work to be executed and not necessarily the works exactly as they will be carried out. The Engineers shall be at liberty to make any reasonable alteration or to furnish any additional or amended drawings, instructions and directions as he may deem

advisable, and the contract shall not be invalidated by any such alteration. The value of such alteration shall be agreed on between the contracting parties.

14. The contractor shall keep constantly on the works a competent superintendent or general foreman, and any directions or explanations given by the Engineers to such superintendent or foreman shall be held to have been given to the Contractors.

15. If in the opinion of the Engineers any sub-contractor, agent, manager, foreman or clerk of the works, or any one or more of the foremen employed by the Contractor on the works, shall be incompetent, or shall ~~act~~ act in any improper manner, or refuse to alter any work which may be objected to by the Engineers or by any of their Assistants, the Engineers shall be at full liberty to require the immediate removal of such employees and the Contractor shall not employ him or them on the works again, without permission.

16. In case the Contractor make default or delay in commencing or in diligently executing any of the works covered by this Contract, the Commissioners may give a general notice in writing to the Contractor that the Contractor has made such default, and should the Contractor during six (6) days -(including Sundays)- from the giving of such notice, fail to remedy such faults or delays to the satisfaction of the Engineers, or should the Contractor fail to complete the works within the time specified in this Contract, or become insolvent, or abandon the works, the Commissioners may take such work from the Contractors' hands and complete same at the Contractor's expense. Under such circumstances all materials, plant, powers and privileges possessed or provided by the Contractor for this work shall be subject to a lien in favour of the Commissioners

for all purposes incidental to the completion of these works.

17. Notices addressed in writing to the Contractor which have been either left at or sent by post to such office, or which have been delivered to the Contractor's Agent, upon the work, shall be deemed to have been properly delivered to the Contractor.

18. The Contractor shall be responsible for all damage to works during course of construction. He shall also protect the Commissioners from and against any claim, loss, damages, actions, suits or other proceedings due to any injury or damage sustained by persons or property occasioned by these works.

19. Whenever possible, labor for these works shall be secured through the local branch of the S.C.R. No Asiatic labor shall be employed.

20. Fair and reasonable rates of pay shall apply to all skilled and unskilled labor employed on this Contract. Any dispute arising between the Contractor and his labor as to classification, rates of pay, length of working day, shall be referred to the Dominion Fair Wage Officer.

21. If any dispute or difference shall arise during the progress or maintenance of the work as between the Commissioners and the Contractor it shall be referred to a Board consisting of three arbitrators, one to be appointed by the Commissioners, one by the Contractor, and these two to select a third, or failing to agree on a third arbitrator the appointment shall be made by the Council of the Engineering Institute of Canada. The decision of these arbitrators shall be final and binding on both parties.

22. The Contractor shall be subject to the rules and regulations of the Port, and the Contractor shall pay, in respect of all materials and things required in connection with this Contract,

the dues, rates and charges in force at the time being on or at the wharves, docks, railways, and sidings, of the Commissioners whether such dues are increased or lowered during the execution of the work or not.

23. The Contractor hereby and herewith deposits with and delivers to the Commissioners as security for the due fulfillment of this Contract, an accepted cheque or bond at his own expense, a bond satisfactory to the Commissioners to the extent of ten (10%) percent of the value of the Contract, and shall hand over the necessary documents free of charge to the Commissioners as security for the due and faithful performance observance and fulfillment by the Contractor of all covenants, provisions, agreements, conditions and reservations in this Contract contained on the part of the Contractors to be observed performed, and complied with, provided always and it is understood and agreed that the contractor assume the risk and must bear any loss in respect of the security deposited as aforesaid occasioned by the failure or insolvency of the bank on which any cheque was drawn.

24. If at any time hereafter the said Contractor should make default under the said Contract, or if the Commissioners acting under the powers reserved in the said Contract shall determine that the said works or any portion thereof remaining to be done should be taken out of the hands of the Contractor or be completed in any other manner or way whatsoever than by the Contractor, or if the Contractor refuses or neglects to pay any salaries or wages or any accounts due by the said Contractor for work or material supplied by any person in connection with the said work, the Commissioners may in either case dispose of such security of of the interest which may have accrued thereon for the carrying out of the construction or completion of the

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Contract, or any accounts for materials supplied for the said works that may be left unpaid by the said contractor.

25. Upon the due and faithful performance and observance and fulfillment of the Contractor of all and every the terms, provisions, covenants, agreements, conditions and reservations hereinbefore contained in the part of the Contract to be observed, performed and complied with, the Contractor shall be entitled to be repaid or to receive again the money so deposited, together with so much interest upon ~~which~~ such money as the Commissioners may, during its retention or possession of the same, actually receive by reason thereof; it being, however, understood that the Commissioners shall not be under any obligation to cause the said money to be placed at interest, or to earn or to endeavor to earn interest thereon.

26. In the event of any breach, default or non-performance being made, or suffered by the Contractor in or in respect of any of the terms or conditions, covenants, provisos, agreements, or restrictions herein contained, which on the part of the said Contractor should be observed, performed or complied with, the said money and interest thereon, so delivered to or deposited with the Commissioners or by it received in respect thereof, shall, by the Contractor be forfeited absolutely to the Commissioners.

27. The Contractor shall in carrying out these works, conform to any local by-laws which may effect the same and shall also obtain at his own expense any permit which is required before proceeding with construction.

28. The Contractor shall, if required to do so by the Commissioners, insure at the Commissioners' expense during construction, the said works against damage by fire or any other reasonable cause.

29. This contract shall not be sub-let except on the written authority of the Commissioners and in event of the work of the sub-contractor being satisfactory to the Commissioners, such permission may be revoked.

30. Wherever possible materials used in this Contract shall be purchased in Canada or within the British Empire. In event of the Contractor desiring to make purchases in a foreign market, he shall first obtain the consent of the Commissioners to do so.

IN WITNESS WHEREOF the said Parties have hereunto affixed their corporate seals attested by the hands of the proper officers in such behalf, the day and year first above written.

THE CORPORATE SEAL OF
THE CONTRACTORS
WAS HERETO AFFIXED
IN THE PRESENCE OF

The Pacific Construction Co. Ltd.
Per (Sgd.) J.L. Davidson
President
(Sgd.) W.R. Lane,
Secretary

THE CORPORATE SEAL OF
THE VANCOUVER HARBOR
COMMISSIONERS WAS HERETO
AFFIXED IN THE
PRESENCE OF:

Sgd) Gay M. Kirkpatrick
President
Sgd) W.D. Harris,
Secretary.

MR WOODS: Before going on, Mr. Chairman, there is a matter that I, after some thought, concluded should be brought to the attention of the Commission, concerning the newspaper comment and newspaper report of certain of the proceedings of this Commission.

In The Vancouver Daily Province of last evening, in the course of the account of the proceedings before this Commission during the day, this paragraph appears:

" Both Mr. Van Allen and Mr. S.W.Woods (I presume that means myself; they have got my initials wrong; it ought to be S.B.) were mildly reproved by Chairman Turgeon for unconventional ^{OR} ~~and~~ unfair cross-examination, Mr. Woods particularly so, when he sought to have the Harbour Commissioner repeat several times his reasons for rejecting Mr. Bennett, Superintendent of the elevator under the Grain Board here."

I am dealing with that matter first. I can remember no incident yesterday - - I stand corrected, of course, by the Chairman if his memory or the notes in any wise confirm this statement - - that would justify a statement of that kind in a newspaper report of the proceedings of the Commission.

THE CHAIRMAN: Does it refer to Col. Kirkpatrick? What evidence was it?

MR. WOODS: It apparently would be Mr. Beattie's. "The rest of the morning was occupied with the examination of Harbour Commissioner Beattie". And then it goes on to give an account of Mr. Beattie having said that the Board selected Mr. Maclean because of his first-class recommendations. "When the Superintendent arrived we gave him a free hand to choose his own men, and we worked for results, and I think we got them. So we are satisfied, he added". Then the paragraph

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comes which in the interest of the work of the Commission should be brought to the attention of the Commission, because it is a serious thing to say about Counsel for the Commission if it is not so that the Chairman of the Commission particularly reproved him for unconventional and unfair cross-examination. If that is the situation, of course my usefulness to the Commission would be very considerably less than it is and I certainly strongly protest against that going out to the public if it is not true, and I remember nothing that remotely justifies any such statement. Of course we have not the evidence extended daily as we had at the head of the lakes, and one must trust to one's memory, but there is nothing whatever that I can recollect in the examination or cross-examination by myself of Mr. Beattie or the answers by Mr. Beattie to myself during the course of which any such thing happened as a reproof, from you, Mr. Chairman, for unconventional and unfair cross-examination. It seems to have reference to a point "Then we sought to have the Harbor Commissioner repeat several times his reasons for rejecting Mr. Bennett, Superintendent of the elevator under the Grain Board here". I remember asking Mr. Beattie to tell what his reasons were for choosing Mr. MacLean instead of Mr. Bennett, and I produced a list of applicants, 70 in number, and it was a matter of interest to me and I think to the Commission as to why Mr. MacLean out of all those was chosen. That was the real fact that I wished to have Mr. Beattie explain. I cannot recollect anything that justifies that newspaper statement of what the evidence carried.

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and it is a serious reflection upon the Counsel for the Commission if it is not true, and in that way upon the Commission.

There is another matter that does not concern the news items. It appears this morning in an editorial on the front page of The Vancouver Morning Sun. In view of the fact, Mr. Chairman, that you do not read the accounts of these matters in the paper I think it will fall to me to have to read it.

MR. WOODS: went on to read the editorial referred to, the text of which follows:

EDITORIAL.

MALICIOUS THE PORT OF VANCOUVER.

"The time has come when this public is entitled to enquire just how long the present campaign of innuendo and sinister influence is to be continued against the Port of Vancouver.

Certainly this Port wants any and every properly-laid charge thoroughly investigated.

But the evidence brought out, to date, shows that there has been absolutely no justification to libel the Western Route nor to ~~sland~~ slander the good name of those officials who control that Route's outlet at Vancouver.

Summed up, the charges and evidence collected so far seem to be:

1. That a certain Fort William Grain Operator, Mr. Jack Smith, who several Years ago lost his seat on the Winnipeg Grain Exchange for beating the Grain Men at their own game, which seems to be "short-changing" the farmer, had exerted undue influence in Vancouver by having the famous "Maharg Spout" installed on a Government Elevator.

Plain evidence shows that this spout was installed under direction of the elevator architect. The Grain Board could very easily, and at no expense, have ordered its removal. This has now been done.

2. That the present Elevator Manager, Mr.

Colin McLean, at one time had some kind of a reprehensible connection with Mr. Smith.

Harbor Board Chairman Kirkpatrick stated yesterday that Mr. Smith did not request from the Board recommend Mr. McLean, but that this was only one ~~way~~ of numerous recommendations received.

What really counts is that Mr. McLean has served the Port so well that he has made a world's record with a single elevator and that Vancouver grain dealers give the Commission generous appreciation of Mr. McLean's services.

3. That rumors have been in circulation charging that members of the Harbour Board have actually sold grain out of the elevator and that cancelled cheques could be produced to prove it.

Harbour Commissioner Beattie testified yesterday morning that, owing a farm in Alberta, he and his Alberta neighbours had shipped and handled their grain through a prominent Vancouver grain firm. Thus simply was dispelled the terrible crimes that had been laid inferentially at Mr. Beattie's door.

Vancouver is intensely interested in the success of the Western Grain Route. And if anyone has any definite charges of wrongdoing these charges should be investigated in the frankest and fullest manner, even if the results involve a clean-out of harbour officials from top to bottom.

But it is asking too much to expect Vancouver to sit

down and allow this port to be maligned for the benefit of one or two young outside lawyers who have rented Vancouver houses with the announced intention of camping like crews on this wonder^{ful} field for legal exploitation until their carrion is shown to be good meat.

On behalf of Vancouver and common sense, Mr. Justice Turgeon should demand that definite charges and definite evidence be submitted, or else this present campaign of slander and cheap innuendo against this port be immediately brought to a close."

M. L. WOODS: That is the so-called Editorial.

MR. JOS. CLARK: Mr. Commissioner, presuming on my limited ability to address the Commission, I may say that I was surprised this morning that nobody had referred to the "Vancouver Sun" Editorial, which contains two manifest inaccuracies, and which were not intended by the writer, it is quite clear. In the first place he describes one J. . . Smith, as a member of the Winnipeg Grain Exchange, who lost his seat, when the evidence all go to prove that he is a member. I am interested in this solely because my experience here shows me that I could very well ask some questions of Mr. Smith, in regard to the attitude of Fort Arthur and Ft. William, and of the Winnipeg Grain Exchange in regard to the charges which^{other} are now pending. The comment, in regard to Col. Kirkpatrick, is clearly just a misstatement, not made with the purpose of misrepresenting the Colonel, who stated the opposite to what is stated here, that is he never met Mr. Smith. I think it is regrettable that my anticipation of asking Mr. Smith certain questions

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should be discredited by having him pilloried to people in an attitude which cannot possibly be justified by anything I have heard since I have been here, and I have even stayed here yesterday afternoon during the reading of the contracts, and I was one of the few counsel who did stay here during that tedious process. I think under the circumstances there should be some correction given. I think Sir Charles Tupper, Mr. MacDonald and myself are the only three that have not yet entered into controversy with the Chairman.

MR. FARRIS: Mr. Woods saw fit several days ago to make certain comments about the press, and at that time the members of the press asked me, if a similar occurrence took place again, to protest on their behalf. I am not referring to the editorial, because the owner of The Sun newspaper is no doubt quite capable of taking care of himself and knows what he is doing; there is no question he is in error on the question of Mr. Col. Kirkpatrick's statement, and also ---

MR. ARMOUR: And also with regard to Mr. Smith.

MR. FARRIS: And also with regard to Mr. Smith; but I do desire, as a former newspaper reporter myself, to protest against complaints being made against unfair reports from the press. I think, Mr. Chairman, if you had followed the reports in the press through from beginning to end you would find that Mr. Woods has got a fair deal. But because Mr. Woods does not get what he considers the best break at every turn of the game is no reason why he should have the right to have men who are working for a small salary as newspaper reporters

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brought up and to be subject to criticism with their employers; and on their behalf, Mr. Chairman, I desire most strongly and emphatically to protest against the attitude of Mr. Woods in bringing this matter to the attention of the Commission.

THE CHAIRMAN: Anybody else anything to say about this? ...

Well the matter is before us and it will have to receive proper attention. In the first place let it be remembered that if this Commission is here at all it is here as a Commission very reluctantly. Those who have been present at our Eastern sittings know that; those who have read the eastern papers know that. The first request to us to come here emanated from the Harbor Commissioners themselves, a telegram from their Secretary in view of certain evidence that Mr. White, the Chief Weighmaster gave in Port William merely incidental to the general examination he was being put through in connection with the work of the weighing branch of the department of the grain trade in Canada. Later on Mr. Van Allen laid these charges in the language we have had before us in the last two weeks, and he requested that we come here and investigate. We again took the same attitude; our attitude was that we as a Commission were handling merely general questions in order to acquire knowledge which would enable us to report to the Federal government matters which might better the grain trade in Canada from the point of view of the producer particularly, and that the mere fact that something was happening that ought not to happen in Vancouver today possibly, or in Halifax next year, or in St. John or Montreal some

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other year, is no reason why this Commission should keep on roving for ever. That was the stand we took. However, we said this, that, Mr. Van Allen having made these statements in the public way he did, and involving as they do some very serious charges against a public body here and officials of that body, and other people, no doubt somebody ought to investigate the matter, but there was no reason why this Commission should -no particular reason why this Commission should. We said that the Dominion Government could do as they liked; they could have somebody else, one of their own Ministers, or another commission, or anybody they might think fit to empower to come here and investigate; and we said we would not come unless we were specially requested and directed by the Government to come as a special piece of work, and not at all as anything to do with the general work of our Inquiry. Now that was our attitude; and after we had told that to Mr. Van Allen we received several more very urgent telegrams from the Pacific Construction Company, for one, from the Harbour Board, and I think one or two more, urging us to come. But we maintained that attitude, and sent on these communications to the Minister of Trade & Commerce. Well, after some time had elapsed, the Government, having considered the applications made by Mr. Van Allen, by the Harbor Commission, by the Pacific Construction Company and considering our own attitude, decided to request us to come -not the whole Commission, but requested ^{myself} us to come and to select and bring one of our colleagues, as a work apart from the Commission, but requiring a special investigation and requiring a special report; and we came under these conditions. That is why we are here. So you see we have come here because the Harbor Commission themselves more than anybody else have asked us to come; they as well

as Mr. Van Allen, representing the Government of Alberta. Now we are here, and all the time I have been here I have endeavored to maintain the attitude that we are here for a special piece of work, very serious work, having to do with the honorability of certain people, their fitness for certain positions, their undue or other influence on the harbor authorities and harbor officials, the honesty of certain contracts, and matters of that sort. And when, a few days ago, Mr. Woods, I made the statement that I did not read newspaper reports, it is not because I have not a very just and proper conception of the power and duty and ability of the Press, but it is simply that I wish to keep my mind clear from all outside evidence and argumentation, and simply confine myself to what goes on here between half past ten in the morning and half past four in the afternoon. Now if the Press, of course, were in a position to report everything that goes on here word for word verbatim, it would be very helpful to us; then I would feel I could keep it and save it up, it would be a complete transcript of all the evidence taken; but as the Press cannot do that, as the Press can only give, naturally, short excerpts of what takes place, I have always felt in a case of this kind, like a case in Court, where the public's interests are at stake, it would rather hinder than help me to keep on reading it day after day, because it might warp the real situation conception I ought to have of the evidence. Now that being my attitude, and those being the conditions under which we are here, I will say this: it does appear to me that the matters of inquiry being now under consideration by us, and our judgment, of course, being yet some distance away, that all editorials or other public comment on it should stop --should not take place. I feel that. I feel that everybody is keenly

interested, that is those whose sympathies are with the Harbor Commission, those whose sympathies are with the Grain Trade -if there is any conflict- those whose sympathies lie elsewhere. --all should feel that the proper way to clear up the situation which has been created here, which has brought about this inquiry, is to maintain silence and to abstain from comment on the evidence that goes on from day to day pending the rendering of such a decision as we will be able to render after having heard all the evidence that may be brought before us. Now, I am not reading a lecture to anybody; I am just giving my views, which of course are not binding in these circumstances; but I do feel that it would be better for all concerned, to avoid ultimate confusion and misunderstanding, if such judgments were suspended until we had given our judgment: then, of course, it would be free to be commented on and criticised as people may see fit.

As far as reports are concerned: it is only right and proper that the Press should ^{have} absolutely free access to all that goes on here, and the right to make reports. As I said before, their means are limited; they cannot report verbatim; they must do the best they can to give a succinct digest of what goes on in the course of the day. Their reports, then, ought to be fair. I have not read the report. I have seen a few reports once in a while, but I am not in a position to speak as to their fairness or comprehensiveness; I cannot say; but they ought to be a fair resume of what goes on, without in any sense bias being shown. Otherwise they would not be privileged, because the only privilege they get as reports is where they are a fair report and a fair summary of the actual evidence taken in the course of the day.

Now then, Mr. Woods, coming to the report in "The

Province" that you have read, and which states that on a certain occasion I reproved yourself and Mr. Van Allen for unfairness- -

(Mr. WOODS re-read the clause to which he took objection).

THE CHAIRMAN: quite so. But before I come to that I must say this: now this editorial which in part is a report of the evidence brought before us, is in, I think it is only right to point out that, as Mr. Clarke says, there are apparent errors in the report which is included in the editorial. For instance, that "Mr. Jack Smith several years ago lost his seat on the Winnipeg Grain Exchange" --that is an inaccuracy, because the evidence shows that Mr. Smith did not lose his seat on the Grain Exchange but is still a member of the Grain Exchange. Then "Harbour Commission Board Chairman Kirkpatrick stated yesterday that Mr. Smith did on request from the Board recommend Mr. McLean, but that this was only one of numerous recommendations received." That is a misreport there, because Colonel Kirkpatrick said no such thing. He said he met Mr. Smith only a few days ago, and he had no knowledge of any recommendation or any other step taken by Mr. Smith to bring about the appointment of Mr. McLean.

In so far as this report you read from The Province is concerned, Mr. Woods, I have endeavoured to recall, and I have consulted my colleague here while you were reading it, too, to see whether anything at all has occurred which would justify it. I must say I cannot remember anything. It refers to a question of Mr. Bennett, does it not, in the examination of some wit ess?

MR. WOODS: "Particularly so when he sought to have the Harbor Commissioner..." --

THE CHAIRMAN: Of course, in sitting here, our duty,

M.

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particularly my duty -that is why I am here- if any counsel, including our own counsel, asks any question which is objectionable, it cannot be allowed, if any objection is taken. Any counsel may ask a question which should not be asked because it is not proper evidence, and if anybody else objects, then the question is disallowed, regardless of who asks it. I could not ask it myself, and if I could not ask an improper question myself my counsel could not ask it. No doubt, in the course of two weeks, though I cannot remember any specific instances, there may have been questions put by my counsel, and objected to, and disallowed in the ordinary course. I should be surprised if there were not, though I cannot remember any previously. I have thought the best I can. I do not know whether the incident refers to the case of Mr. McLean. I remember when Mr. Woods was examining Colonel Kirkpatrick about various applications before the Board at the time of Mr. McLean's appointment, some questions were asked about the application of a Mr. Lemay. I remember that particularly; and Mr. Beattie had told us that although Mr. Lemay was the gentleman whom he favoured for the appointment, for reasons he gave, and although Mr. Lemay was very highly recommended, by Dr. Magill and several other people, I think including Mr. Leslie Boyd, that the reason Mr. Lemay was ruled out of the competition was because of his physical disability. Mr. Beattie said he was a nervous wreck, and that is why he could not be appointed. Now I remember that when Mr. Woods was examining Colonel Kirkpatrick later on about Mr. Lemay he started to ask several questions about Mr. Lemay's qualifications, and I remember we stopped him, saying as far as Mr. Lemay was concerned that^{it} it was

established, as Mr. Beattie had said, that it was a physical wreck and could not work anyhow, it was no use pursuing the matter further, because he would be disqualified on that ground alone.

MR. WOODS: I do not take that to be the thing referred to.

MR. WOODS;
THE CHAIRMAN: No, this does not refer to that. /It refers to something about Mr. Bennett ; and I am completely at a loss---I want the matter contradicted, because it reflects on the Commission.

THE CHAIRMAN: I have been sitting here observing the conduct of the proceedings. It is the duty of counsel for the Commission to bring out all the evidence impartially; and if any counsel who is particularly interested from some other angle omits to bring out anything, or brings it out incompletely, then it is Mr. Woods's duty to supplement the efforts of that counsel and bring the whole thing out, because we want to know all the facts, and he has the right, not only to examine but to cross-examine and re-examine. It may appear hostile to the person being examined: by the very nature of things it must appear that way. That does not mean to say that there is any improper motive behind it or anything that is subject to reproval from us to the person who happens to be doing the cross-examining. I can recall no instance whatever where Mr. Woods has not acted absolutely within my conception of what his duties are in the examination of witnesses. Mr. Woods's examinations are, of course, subject to the same rules as any other counsel. If he asks improper questions they will be disallowed. If he reiterates questions beyond what we think is necessary for our information, we stop him, simply because we feel that we know all we want to know; and when the Court knows all it wants to know there is no use going on and getting any further information. I must say that the report, as far

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as my recollection goes, is unfounded.

MR. FARRIS: Well, I would ask on behalf of the Press ^{that} a transcript of the evidence of what took place yesterday be obtained.

THE CHAIRMAN: Well, as you remember anything, Mr. Farris?

MR. FARRIS: Yes. I remember there was quite a serious discussion and quite a strong protest against Mr. Wood's attitude.

THE CHAIRMAN: About Mr. Bennett?

MR. FARRIS: At The time Mr. Beattie was being examined. I am not sure whether it was Mr. Bennett or who it was. I don't remember every name.

MR. WOODS: I do not mean for a moment to suggest that I have not been reproved by Mr. Farris. Oh, lots and lots of times, but Mr. Farris's reproof of me has very little influence with me, but if the Chairman of the Commission was to reprove me it would have a great deal of influence with me and a great deal of effect upon my subsequent conduct. Consequently I have a very great deal of concern and did have a great deal of concern when I read that report in the Province. I have been a newspaper reporter for many years myself. I know what difficulties reporters suffer under, and I do not for a moment suggest ^{to} ~~that~~ the reporter who did that ~~did something~~ that it is otherwise than a condemnation, a hasty condemnation of probably something that he did in a hurry ~~might~~ write on his copy. I have had to write copy quickly. But I do want it contradicted; that is all. As far as Mr. Farris's comments or reproofs or otherwise, I fancy I will have to stand them until I get through with this job.

THE CHAIRMAN: Well now, you gentlemen can reprove each other as much as you please. So far as we are concerned here, and more particularly my duty, of course, we reprove anybody who merits it; but I must repeat that so far Mr. Woods has not been the subject of any reproof that I remember. I have interrupted every counsel here at some time or another since this enquiry has begun.

MR. FARRIS: I think what you said might very well be taken as a reproof by the reporter who, sitting here endeavors to condense in five hundred words probably twenty thousand words of what is being said; and I think it is a very small matter. There have been different things I could have brought up when I thought the press had not been absolutely fair, but I did not think there was anything to be gained by such a course. It is absolutely impossible for any reporter to meet each one of our views of what ~~THE~~ evidence should be published in the paper, to meet our own particular views, and I am protesting here on behalf of the newspapers that these things should be kept in mind, and that no counsel here should submit any complaints unless there is something very radically wrong, done clearly for an unfair purpose.

MR. ARMOUR: Well Mr. Chairman, let me say a word on behalf of my unfortunate client Mr. Jack Smith, with reference to this editorial appearing upon the front page of the Sun. Now the statements there are absolutely incorrect. It is stated that Mr. Jack Smith was expelled from Winnipeg Grain Exchange because he had double crossed the farmers. There is no such evidence as that has ever come out on this enquiry. I do not want to say anything farther about it, but it is made out of whole cloth; I do not know who is responsible

for it. It seems to me to be going beyond the bounds of a newspaper's duty. No matter how ~~enthusiastic~~ enthusiastic that newspaper or its editor may be on behalf of the interests of this Port, and I will give all credit to the editor and publisher and proprietor ~~for~~ the Sun for what he has done for this Port or endeavor^{ed} to do, I do object to him in his ~~enthusiasm~~ for this Port, misrepresenting the facts with regard to my Client, the more so because there is no evidence to that effect that has ever come out before this commission.

M. CLARKE: Mr. Commissioner, I also want the reporter and editor of a newspaper, the same as Mr. Woods. May I point out that the two points that have been referred to in the Sun Editorial weaken the very point that the Sun Editor is trying to make. If he had ~~not~~ said the opposite of Mr. Smith, and had not mentioned what he did about Col. Kirkpatrick, the complaint he made, if not justified, would have been strengthened; so it is clearly an inadvertence. At any rate the editor of the Sun was consulting with four or five solicitors yesterday afternoon for half an hour. All he has to do is to consult with two, I think, and he will get confused.

THE CHAIRMAN: Well I do hope as a result of this incident this afternoon we may look to the exercise of ~~his~~ judgment by editorial writers on the evidence that is going on here and to a little more ^{care} ~~in~~ in a proper summary of the evidence that is being reported.

Mr. COLIN MCLRAN recalled.

MR. FARRIS: In examination or cross-examination ^{of} by Mr. Smith the question was brought out in reference to certain steps

at the elevator in connection with the sale of grain by Mr. Julian. I wish you would just tell the Commission, before Mr. Julian gives his evidence, what you know about this thing, so we can get it in its proper chronological order? A: Well last fall, shortly after the operation of the elevator started, or after grain started to come in, there was a strike in the Port, and it necessitated the bringing in of a good many men who were not accustomed to long shore work.

Q. That is, ^{the} ~~the~~ ^{strikes} ~~work~~? A: The Stevedore strike; and at that time there was a great deal of sacked grain coming through from different points east of here for shipment to the Orient, and we were also doing a lot of sacking ourselves, and the Canadian Government Merchant Marine at that time controlled No. 1 Shed, which is at the outside end of the elevator, and this grain was generally unloaded from cars on trucks and taken across the shed and put in slings and loaded aboard the boat. A good many of the bags was breaking and there was quite a lot spilled and quite a lot of grain left on the docks, and Mr. Julian had a couple of policemen there, and I used to be checking up, I would see a man going with a bag of grain here and a bag of grain there, and as superintendent of the elevator, when I would stop those men, they would tell me that the grain did not belong to the elevator, that it was the spill on the docks and the elevator had nothing to do with it on account of it coming in cars. I wrote a letter to the Commission explaining the matter.

MR. JOODS: Have you got the letter? A: I think I have got a copy, the letter should be on the Commissioners file.

THE CHAIRMAN: Well you have a copy of the letter?

LETTER dated December 7th, 1923, from Witness to the Secretary of the Vancouver Harbor Commissioners, and reply of the Secretary thereto dated December 17th, 1924, produced by witness. The contents of the former document are indicated by the latter, which states: "Replying to your favour of the 7th addressed to Mr. Harvie, it will be in order for you to get someone to keep the docks swept and clean in accordance with your letter. In securing a person to do this work, it will be necessary that they be a responsible party, and that they shall report to you all sweepings, so that you can make a proper inspection of same, and provide any safeguards in the interests of the Commission that you may deem advisable."

MR. FARRIS: In pursuance of that instruction, what ~~did~~ you ~~do~~,
Mr. McLean? A. Well, ^{were} during this time there ~~was~~ several
of the policemen used to come to me and they would tell me they had got men with grain going out of the shed, it was in 2 shed, and some of it was in No. 1 shed, and they used to take the bags in these lockers here and they used to lock them up; and I wrote at that time about it, that there was a certain amount of pilfering going on, and I took the matter up with Mr. Julian after getting his letter, and we consulted as to which was the best way for to overcome it, and I suggested to Mr. Julian that he watch every person and put the stuff away, and if it was necessary for him to hire somebody for to look after it and keep the place cleaned up, because if it was allowed to go on the way it was it would simply mean we could not tell whether men were coming from the cars or from the shed or where it was coming from. Later in the season I made a cleanup, I got my own men to go out. He reported where the stuff was and I brought ^{it in} ~~from~~ the elevator and I went to inspector Crawford and chief weighman Mackenrot, and I told them about these sweepings coming in from No. 1 shed

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and that I was taking them in the elevator, and I wanted them to examine them, and I would put them over the machines, and to give me a grade on them, so I would have the grade and weight certificate, so there would be a warehouse certificate made out for the grain, which was done.

Q. And what was done with the warehouse receipt? A: When I got the warehouse receipt I gave the warehouse receipt to Mr. Julian.

Q. Did you tell him to do anything with it, or anything?

A. Mr. Julian never saw a warehouse receipt in his life before, and he was asking me how we were making out on the grain, how much grain I had in, and I told him that it represented the amount of grain we had put in the elevator, and I said, "you are picking about paying your men off; now is the chance for you to do it; you can go to work and sell it and get your money for it and pay your men". ~~xxxxxx~~

Q. Did you tell him to go anywhere, or anybody he could see?

A. He asked me if I knew of anybody. He said he didn't know what it was. The warehouse receipt is not made out to any person; there is only the signature of myself and the accountant on it. And I told Mr. Julian to take it to any grain man and endorse it and it would be turned in in the usual manner and registered. It was registered before I gave it to him; I sent it up to the Registry Office and had it registered.

Q. Did you suggest any particular grain man for him to see?

A. Yes, I did. I told ~~him~~ Mr. Julian that Mr. Smith could sell the warehouse receipt for him.

Q. How long did this continue? Was it found profitable?

A. No it was not. In fact that was the reason that I cleaned it up at the time that I did. Mr. Julian was continually asking

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me, he was telling me he had a man there and he was not getting very much, and in connection with that I might say that the Harbour Commissioners ordered me to take that shed over myself. Since I have taken the shed over myself I have had a man in there. We have never had a trouble of that kind since.

THE CHAIRMAN: When did you take it over yourself? A: It would be on my file here. With the correspondence in connection with, I could tell you when it was taken over.

MR. FARRIS: This matter was brought before the Board of Grain Commissioners when they were here in January. You were present when Mr. Julian was there? A: I would not say it was exactly this matter. We had several complaints. We had a lot of trouble, especially at the time of the strike and afterwards in connection with the pilfering of grain from cars. The cars used to be run in there, and the weighman, in order to take line marks, used to break the seals and open them. Every car that comes in the elevator, it is the duty of the weighman to go open the doors and take the line mark out of the car before it is put in the elevator to be weighed, but some of these cars, perhaps there will be fifteen come in on a track and we would only get twelve unloaded; the engine would come in to make the shunt at the regular hour, and some of the cars were pulled out without being regularly sealed. I think that was Mr. Julian's complaint to the Commission, that there were cars pulled out without being sealed.

Q. This grain, was it in the elevator or in the shed?

A. In the shed, and some of the cars that was run out of the shed.

MR. WOODS:

BY MR. WOODS:

MR. MCLEAN: Mr. Julian, was the head of the Harbour Police?

A. He is the Chief.

Q. How many men has he under him? A: Mr. Julian could tell you that.

Q. Well, how many roughly? How many did he have on this work of cleaning up this grain shed, No. 1 grain shed?

A. On that work.

Q. Yes. A: I could not tell Mr. Julian's men from other men, outside of his uniformed officers. He had one or two uniformed officers, but I don't think he used them for that work.

Q. I understand you to say he had one man there doing that work? A: I didn't say that. I think his uniformed officers used to be the men that arrested those boys.

Q. But I am speaking of whatever work was done in connection with cleaning up. How many men did he have on it? A: I couldn't tell you that.

Q. Did he have a dozen or two or twenty men, could you tell within that? A: No I could not.

Q. You could not? A: No, because there were probable one hundred teens hundred and fifty men working around that elevator. Q: At all events they are in the pay of the Dominion Government, those policemen? They get their regulation pay don't they?

MR. FARRIS: Some do and some don't.

THE WITNESS: Mr. Julian will answer that question better than I can.

Q. This grain coming out of the cars, it was on its way to the elevator? A: No, no,

.. It was in sacks and on its way to the elevator? A: No

that grain never comes near the elevator, that grain that is in sacks.

Q. And is being loaded into the boats? A: It is taken through the shed, unloaded on one side of the shed out of the cars and on the other side into the boats.

Q. And instead of going through the elevator it is loaded right from cars into a boat, in sacks? A: Yes it is not consigned to the elevator.

Q. What I wanted to get at is why you gave the warehouse receipt. The warehouse receipt we have here is for 481 bushels and 30 lbs. of grain that was sold for \$445.00 what did you give it to Mr. Julian for? A: Because in order to clean that up Mr. Julian did the work for me.

Q. That was a part of his regular employment was it not?

A. I think if you will look through these files Mr. Woods you will find where on several occasions I have bitterly complained about the pilfering of grain and asking that a fence should be put around the property, that the police could not cope with the situation.

Q. But it was the Police's duty to cope with the situation? that is what they are paid for? What did you give the Chief of Police \$445.00 more for? A: I didn't give him \$445.00.

Q. You gave him grain worth \$445.00. A: He had gathered up that grain, and he had men to pay out of it he says.

Q. He gathered up the grain? A: Yes.

Q. And he had men to pay for it? A: For doing the work.

Q. Was there any arrangement ^{between} for you and Julian that he was to hire extra help and pay them out of the grain that came out of the sacks? A: Mr. Julian told me that his men could not gather up the grain, he only had a man or two

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there, and I told him something had to be done to clean up the situation, that I figured that there was enough grain being carried away there for to pay the services of men.

Q. You did not say how many men? A: No.

Q. You did not arrange with him as to how many he was to get? A: No I had no arrangement with him.

Q. Well was your arrangement with him that he was to pay these men out of the proceeds of this grain that was lost? A: He was to take care of the situation and look after it, and I simply went to work and got a warehouse receipt made out.

Q. And it didn't matter whether it was \$1425.00 or \$2,445.00 worth of grain: he would still be entitled to it? Was that your arrangement with him? A: That would depend on my judgment yes.

Q. There were other warehouse receipts issued for sweepings out of this shed. This one was issued on the 17th of January 1924. There was one issued on the 11th of January 1924; it was graded 3 Northern; it was for 286 bushels and 20 lbs. of wheat. There was another issued on the 7th of February 1924, and it was graded sample wheat, and there was 502 bushels and 10 lbs.; and on March 4th, there was another warehouse receipt issued for sweepings out of this shed; it was graded sample wheat and that was 517 bushels of grain. The total of the bushels of grain from these sweepings out of the loading sheds amounted according to this record of them, to 1797 bushels of grain, graded 3 Northern and sample wheat. What happened to these? A: there

was more than that that was not all. This was the only contract I had with Mr. Julian. You will find that some of them had been boats where we had been ordered to load one hundred or sometimes two hundred tons and there was what they call a shutoff on the boat and the grain was transferred back to the shed and a warehouse certificate issued for it.

Q. What happened to the warehouse receipt that was issued on the 11th of January for 268 bushels and 86 lbs. of 3 Northern grain of sweepings out of the loading shed, that is six days before this other one? A: I can get that by looking up the record.

Q. Was that during the time that Julian was sweeping up?

A. I would imagine it would be.

Q. And your arrangement was that he was to pay his men out of the sweepings? A: Not all of the sweepings.

THE CHAIRMAN: The point seems to be this: did Julian, in addition to this one warehouse receipt, get any other warehouse receipt or any other grain? A: No sir.

MR. WOODS: This was the only one he got? A: This was the only one he got.

Q. Do you know whether he might have got the first one or not, or are you satisfied he only got this one on the 17th of January? A: I am satisfied I only gave Julian the one receipt.

Q. You don't know what happened to the one of the 11th of January? A: Oh there has been several receipts out of that shed; I knew that.

THE CHAIRMAN: What became of those? A: They were taken to the elevator, warehouse receipts issued and returned to

the owners.

Q. The owners of the grain being loaded on to the vessel?

A. On to the vessel. They were shutoffs.

MR. WOODS: Who would have these warehouse receipts issued in the name of the owner--? A: Warehouse receipts are issued in nobody's name.

Q. Well it is sometimes issued in the name of the person who puts the grain in the elevator? A: No.

Q. But at all events that is what happened to them, whether they were issued in blank or not; you think the other warehouse receipts were handed to the owners of the grain? A: Of the grain. That is in case they were shutoffs. You understand what I mean. Sometimes we will get orders for to load probably three hundred tons of sacked grain on a boat, and probably there might be ten tons that the boat would not take, fifteen, twenty tons or something like that. Now then when we weigh the grain in the elevator we get a certificate of weight and grade and we sack it into a hundred and ^{twenty} ~~twenty~~-five lb. sacks. These sacks are generally stenciled, but in finishing off the car as a general rule the sacks are not stenciled, but when the boat reaches her marks there is sometimes what we call a shutoff left which has been ordered by an exporter to be loaded out. Now in order to get a weight and grade certificate for that we have got to take that back to the elevator, and the exporter pays the charge of the elevation and there is another warehouse receipt issued ^(Q) that is like where you have grain in the bin, in the weighing hopper, that the boat cannot take, and you have to weigh it back in the house?

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A. But I am speaking of sacked grain.

Q. It is all the same however? A: No the sacked grain you deduct--the warehouse receipt is not made out until the matter is fully completed. Say we have ten thousand bushels of bulk grain and you had to weigh two thousand bushels back. That certificate of weight is not made out until the weigh back is made. But you take sacked grain weighed into a shed it is weighed and is probably in the shed one month before the boat arrives, so the certificate for that is made out when we are through sacking, but provided the boat does not take it all we have to transfer it back to the elevator.

Q. And get a receipt for it? A: Yes.

Q. Then in addition to that warehouse receipt you say you will give a warehouse receipt for the sweepings to the same person. How would you tell which person to give it to? A: To the person who surrendered it.

Q. But this is a warehouse receipt issued for sweepings out of that ~~shed~~ ^{loading} ~~shed~~? A: That is what I understand. A: Yes. If it was removed from the shed. They might call it sweepings or they might call it grain or whatever they liked. There is a grade on it, 3 Northern, is there not.

Q. There is a grade of 3 Northern on one of them, and sample wheat on others, but they are denominated sweepings from the loading shed? A: Yes.

Q. They would not be if they were sweepings in sacks?

A. When sacks break by putting them aboard the boat the we have to make good to the checker the number of sacks, and that stuff is picked up and taken back again.

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Q. But apparently there were four warehouse receipts issued similar to this that Mr. Smith arranged to pay \$445.00 for, and apparently handed the money, as he tells us, to Mr. Julian. Now what I am trying to get at is what really happened to the other warehouse receipts issued for similar sweepings? A: Our records will show that.

Q. I am not talking about grain in sacks which has to be weighed back, or anything like that.

THE CHAIRMAN: Are there four others or three others?

MR. WOODS: Three others besides this one? A: There may be more than that.

Q. Did you not tell us that these warehouse receipts went back to the owner of the grain? A: To the person who had the shutoff coming to them.

MR. ARMOUR: I think we are getting a little mixed up about this, Mr. Woods and Mr. McLean. I understand warehouse receipts are given for what he calls shutoffs, it is not loaded on the ship, it is for grain that is in sacks that is not loaded on the ship, but it is not for sweepings? A. It is for any return that is made.

Q. Any return that is made out of the ship? A: Any grain out of the elevator into the ship that is brought back there.

Q. But I understood you to say sacked grain did not go into the elevator at all? A: It is consigned to the boat.

THE CHAIRMAN: Where did you get the word "sweepings".

MR. WOODS: I have been given a memorandum, "sweepings ex loading shed", and under that heading there is four set out, two in January, one in February and one in March.

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THE CHAIRMAN: What about the ones in December?

MR. ROODS: There are none in December. This one is January 24th, the date of that cheque. It is included in this, that is the January 17th one. What I do not ~~UNDERSTAND~~ understand about Mr. McLean's explanation is, he says that these other ones he thinks may have been issued for a shutoff of sacked grain where the whole of the sacked grain cannot go into the ship and there are some sacks left in the shed, that they have to be weighed back into the house, and consequently these warehouse receipts are issued for this sacked grain. That may be so. But do not the records show clearly the warehouse receipts? It would be easy to show what became of them. You will have these warehouse receipts? A: Yes.

Q. And would you be good enough to bring me those four warehouse receipts and we will see what happened to them?
A. Yes.

THE CHAIRMAN: But you are clear this is the only one Julian got? A: This is the only one.

Q. Well let us know what became of the others.

BY MR. CLARKE: Mr. McLean, it has been brought out at this investigation in your previous evidence that five or six,--I am subject to correction-- employees of the warehouse under your control were formerly in the employ of the firm of Smith ^{or some other subsidiaries} or Smith & Davidson at the head of the Lakes. I want to ask you if you have looked up at my request the names of other employees of the elevators who got their experience at the head of the Lakes who never worked for Smith ^{or} Davidson? A: Yes there are about twelve there from the head of the Lakes.

THE CHAIRMAN: You say there are twelve here who were working at Port Arthur or Port William? A: They did work there. There are twelve others who came from the head of the Lakes and never worked for Davidson & Smith.

MR. CLARK: That is correct is it? A: That is correct. I will give you the names.

MR. VAN ALLEN: Mr. McLean were those sweepings taken back into the house and cleaned by the elevator? A: Yes, by the elevator.

Q. Before the warehouse receipt was issued they were weighed back into the house? I mean to say they were all cleaned up, taken into the house, sent up the leg and weighed? A: You will find there was dockage on some of them in the grading of them.

Q. What inspector inspected them? A: Mr. Crawford.

Q. The sweepings were brought into the house sent up the receiving leg and weighed, and then put--- A: Put in a special bin. Cleaned.

Q. And then on the grain that went into those bins a warehouse receipt was issued by you? A: On the cleaned grain.

Q. Now Mr. McLean, were all these sweepings from spills from the sacked grain or were they sweepings from cars, partly sweepings from cars? A: Some partly sweepings, yes, and from sacked grain.

Q. Now which cars? A: Cars that was run back to the elevator shed.

Q. But I mean cars that carry bulk grain or cars that carry sacked grain? A: Yes, cars that carry bulk grain. I mean to say that when I took the elevator over there

was not a light in the unloading pits and we had to install lights there in order to see when the unloading pits were emptied. It was the practice when they built the government elevators at Port Arthur to sweep all cars in order to determine what percentage of waste was in grain.

Q. But that practice is not now followed? A: No they gave it up.

Q. As a matter of fact they arrest people who do that down there, don't they? A: For sweeping cars?

Q. Is not that the practice at the head of the Lakes?

A. Outside the elevator, yes, they haven't no right to sweep cars.

Q. You said that certain cars were swept, as I understood you to say the cars that were swept were both cars that carried both grain and cars that carried sacked grain?

A. Yes, in the elevator yards.

Q. Where was the sweeping done of the cars that carried bulk grain? A: After they were run out of the shed.

Q. After they were run out of the unloading shed?

A. The unloading shed.

Q. And who did that? A: Those men.

Q. Julian's men? A: Yes.

Q. And they did that with your authority? A: With my authority.

Q. And were all the cars swept? A: No.

Q. What proportion of them? A: Well we quit sweeping them. After we got the matter cleared up we quit sweeping altogether.

Q. When was that? A: That was probably in early February.

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Q. What do you mean by after you got the matter cleaned up? A: After the shed was turned over to me.

Q. You mean the shed on the pier? A: The shed on the pier.

Q. After the shed on the pier was turned over to you there was no more sweeping? A: There was no more sweeping.

Q. What about the grain in the cars? A: It is still there. I will tell you Mr. Van Allen, you can sweep a car at the elevator, and sweep it clean, and the engine will come along and will hit those cars, or you may put your winch cable on and give it a pull, and when the couplings of the cars come together the grain in the sills naturally falls down on the floor and you may go in those cars and pick up a peck or a couple of pecks of wheat; you may pick up more or less. It is natural that an empty car after being at the elevator you will find more or less sweepings in the car.

Q. At any rate you discontinued sweeping cars that carried bulk grain sometime in February? A: Yes.

Q. Did you receive any instructions or warning from any authority that you were to cease doing that? A: No, outside of the fact that Mr. Mackenret complained to me once about sweeping the cars. He said it didn't look very good for to sweep the cars.

Q. For the elevator to be sweeping the cars? A: For the elevator to be sweeping the cars.

Q. So you quit? A: No not at that time. I explained to Mr. Mackenret why we were sweeping the cars, that I had several complaints from the City Engineer and from Mr. Russell, who is the Pier traffic superintendent for the

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Harbour Commissioners, that there were complaints made about children climbing in the cars and sweeping them and throwing paper and stuff out on the crossings.

Q. This is ~~not~~ when the cars are standing on your spur or out on the railway yard? A: No, after they are pulled out on the railway yard.

Q. That is when the sweeping was done? A: No, the sweeping we did was done on the square back of the shed. The sweeping the children did would be done out side.

Q. Where were the cars that carried the sacked grain?

A. At the shed.

Q. Before they were taken off the pier? A: Yes.

Q. Now Mr. McLean, what right would the elevator have to these sweepings? A: The elevator didn't own them sweepings, but we were in this position, and when I used to go out to the wharf there and ask these people to desist from taking grain away, they would tell me I had no right to that grain. That was the existing condition; that was the condition that existed, they simply said I had no right to that grain, that it did not belong to me, being that the cars did not belong to the elevator.

THE CHAIRMAN: Who do you say is owner of the grain?

MR. VAN ALLEN: Well I understand it is the practice in public terminals that it is an offence to sweep those cars.

THE CHAIRMAN: Who is it an offence? Whose property is being interfered with?

MR. VAN ALLEN: The grain in the car is the property of the man who shipped the car to the elevator, and it does not---

THE CHAIRMAN: After the car is unloaded, gone back again?

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MR. VAN ALLEN: I contend that all the grain in a car carrying bulk grain belongs to the man who shipped it, and that grain should as far as possible come up to the elevator and be weighed and stored to his credit, and if there is any grain left in the car I think that that grain cannot possibly in any conceivable way belong to the elevator.

THE CHAIRMAN: I agree with you.

MR. VAN ALLEN: And therefore the elevator has no right to take it out of the car.

THE CHAIRMAN: Let us see what would occur in actual practice. Here is a car that is an empty car to all intents and purposes. It has been unloaded and goes back, as Mr. McLean says it may be still possible to get a few pecks of grain out of it. There it is, going back to the railway yards. What would you do with that grain, if the owner is in Alberta or Saskatchewan?

MR. VAN ALLEN: I say this, if the elevator takes grain out of a car the grain should be stored in the elevator until the end of the year and then form part of the coverage at the end of the year which is dealt with under the Canada Grain Act. That is the practice, I understand; that is the stand taken on the matter by the Board of Grain Commissioners.

MR. WOODS: But after the grain that comes from the sacked grain, apart from the bulk grain, that grain comes in sacks in a car does it not, and the sacks are carried over through this loading shed on to the boat and that does not go ^{into} ~~through~~ the elevator at all, does it?

A. No, it does not go into the elevator.

Q. Some of that grain escapes through holes in the sacks?

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A. Very often yes.

Q. And gets on to the elevator shed there, and that has apparently been gathered up and finds itself in the form of this cheque for \$445.00 cashed by Mr. Smith and given to Mr. Julian. Well now why was not that grain that came out of those sacks taken care of for the owner and the people who shocked the grain and were shipping it? It was their property? A: Mr. Woods, that grain was taken before I took hold of this. In wet weather in the fall very often there were loads of that grain taken and dumped in order to clear off the port.

Q. But this is No. 3 Northern grain? A: Yes, after it was-- but it was simply salvaged grain.

THE CHAIRMAN: Pardon me a minute. We think we may be roaming away from our enquiry, bearing in mind what we have to enquire into at this sittings. This may be very interesting from a general point of view as to what disposition should be made of sweepings of cars of grain, but the only reason we are letting it go on is that Mr. Julian and Mr. Smith were connected with a certain warehouse receipt representing certain grain, and we investigated that, but when we get from that into an enquiry as to what ought to be done with the sweepings of cars or grain held in cars after they are unloaded I think we are travelling beyond the scope of this inquiry.

MR. WOODS: What I want to know is why the money was given to Mr. Julian, why was it not kept for the people whose grain it was? Why was it not put back in the elevator for them instead of for Mr. Julian?

THE CHAIRMAN: That is allright.

In this ^{Julian} case you

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gave it to Julian. A: Yes.

Q: But nobody endorsed that or authorized it, the Harbor Commissioner or anybody else. A: Outside of this here giving it to some responsible person to look after it.

MR. WOODS: They did not authorize you to give \$445.00 of somebody else's grain. A: As superintendent of the elevator I claim the right to make them arrangements.

MR. COMMISSIONER MacGIBBON: I understand that the docks got very dirty with a lot of grain going through and you wanted it cleaned up. A: Yes, sir.

Q: And you figured that \$400.00 was not an excessive payment for cleaning up. A: It was not an excessive payment. It was not the value of the \$250.00, but it was the condition that existed: eliminating that condition I figured that I would save thousands of dollars to the elevator by that arrangement.

Q: That is quite true, but the point I was getting at is that the cost of cleaning up that grain somewhere approximated \$400.00. A: Yes.

MR. WOODS: You will find out for us what became of these other warehouse receipts.

WITNESS: Yes.

C. O. JULIAN called, sworn and examined.

BY MR WOODS:

You are head of the Harbor fleet? A: Yes.

Q: And we have been told of a warehouse receipt for some hundreds of bushels of 3 Northern grain that was issued and handed to you. Do you remember such a thing? A: Yes, sir.

Q: Who from? A: I got the warehouse receipt from Mr. MacLean.

Q: And under what circumstances did you get it? A: Well, explaining the whole thing, if you will let me, I must tell

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you how I came to get that receipt. Since I have been appointed it has been my endeavor to use such judgment as I had down there. In reference to the pilfering of grain, sir, during the time that Mr. Bennett was there I received very little assistance from Mr. Bennett, but when Mr. MacLean came I said, "When we are starting here again you will find here is a condition of pilfering." The whole of the east end is adjacent to the elevator, and it was impossible for what we call a uniform man to take care of the situation. MacLean said, "Well, we will get together on this and see if we can devise some scheme." We have three or four convictions in the police court on which a man was fined two or three dollars or five dollars and let out, but I found we could get nowhere with it. I am the one that proposed the MacLean system of salvage, as it were. In the sacked grain part of the jetty No. 1 I said, "Look here there might be enough out of this that I could put some man in here that would not be in uniform and we might get enough out of it so we might pay the man and salvage a considerable part of the grain." MacLean said "All right, shoot", so we shot.

Q: Salvage a considerable part of the elevator? A: Salvage a considerable part of the elevator for the Vancouver Harbor Commissioners. We went along those lines. I engaged a lot of ragamuffins from the east end, I did. I had one man, and I used ----

Q. How many? A: Oh, I could not tell you, sir.

Q: Well, give me an idea. A: Well, I will leave it to yourself. I was not there all the time.

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Q: You ought to know how many you get, whether a hundred or five. A: Quite a few.

Q: Well, how many? A: I never checked them. There may have been ten or fifteen or more, sir, or some days only three. But that was my idea, to get that going.

Q: When was this? A: Along in the fall. First of all they started out and didn't get anything; there was nothing in it. Then it came, and I said to Mac, "How about this?"

"How much do you owe?" I said, "I don't know. We still owe something on that yet, according to their way of thinking."

THE CHAIRMAN: Are you talking of today? A: No that was last fall.

Q: You don't say you owe money now? A: Well they say I do. Some of these fellows.

Q: Whom do you mean by they? A: Some of the men who worked down there said they were not properly paid for what they did.

MR. WOODS: What were they doing? A: Sweeping around No. 1 jett. and adjacent.

Q: Just keeping it clean, is that the idea? A: No, I want to use that word salvage if you will let me.

Q: Well what were these people doing? Were they just keeping the loading shed clean, free from grain? A: No. Catch this point: I wanted to stop the pilfering and I said we would put it back in the elevator. Understand I am working for the Harbor Commission.

MR. WOODS: You are working for an annual salary? A: Yes.

Q: How much? A: I get a monthly insult of about \$250.00.

Q: And you are an employee of the Harbor Board? A: Absolutely, sir.

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Q: You say you get an extra force of men on, as I understand you, at this loading shed? A: Yes.

Q: Sometimes from ten to fifteen, sometimes there would be two or three; they varied in number. A: Yes.

Q: To keep track of the grain in the shed and sweep the sweepings up? A: To keep it clean.

Q: I want to get the facts, and I don't want you to make a joke of it. A: Well let me answer the rest of it. And also to stop the pilfering. Keep it clean, if you like, but the main idea was to prevent people from coming in over the Victoria Factory and Salisbury Drive and salvaging this grain.

Q: Did you keep a time-sheet of how long they worked? A: No.

Q: Did you keep a list of the names? A: Yes- No.

Q: You didn't keep track of that, you had no timekeeper on that? A: No.

Q: You did not keep track of how much each man worked, or anything of that sort? A: No, sir.

Q: And what arrangement did you make with them? A: Well, I have a special man that I use, and I used him.

Q: What is his name? A: I can't tell you.

MR. FARRIS: I want to object to that question, Mr. Chairman, because Mr. Julian in his position as Chief of Police ----

THE CHAIRMAN: If he gives any good reason why he doesn't want to tell his reason will be accepted. A: I think I must keep quiet.

THE CHAIRMAN: What you can do is to tell Mr. Woods privately.

A: Yes. I can bring him up here.

MR. WOODS: At all events you get this man to get this gang of men around. A: Yes.

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Q: And do you know what arrangements he made with them as to payment? A: No, sir, he made many arrangements.

Q: And never reported to you as to what it was? A: No.

Q: Now then finally in January Mr. Smith gave you the proceeds of this warehouse receipt? A: Yes.

Q: You got the warehouse receipt from MacLean? A: From MacLean.

Q: And what did he give it to you for? Why did he give it to you? A: This was delayed I think for about five weeks, and these men had to be paid; these boys and men were clamoring for their pay as it were; they had been promised this thing, so I had to get some money from somewhere, and I said, "We will test this out and see if there is any salvage", so I made personally to the Harbor Commissioners the proposition of carrying on this. When it came back MacLean said to me, "What do these fellows want?" It was much over that amount, I forget what, and I figured it out, and I said, we had better wash this out. That was the one and only time. The situation now is better. They still think we have people there and they don't come in so much. I think it was a good experiment.

Q: Did you make any arrangement with MacLean in the first place that the Harbor Board were to stand the expense of these men? A: No experience in the matter.

Q: They were going to get paid by results? A: I wanted to see this salvage thing worked out. I wanted to know if there was much in it.

Q: What was the arrangement you made with MacLean as to how you were to pay the men you hired? A: He left that entirely to me. He insisted on it because he had been molested quite a bit by people.

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Q: Was the understanding that he was to stand back of you and recompense you for anything you did pay these men? A: You mean personally?

Q: The Harbor Board. A: I don't see what you are trying to get at.

Q: Suppose there was no salvage at all? A: I was out of luck.

Q: The men were out of luck? A: They didn't know it.

Q: Suppose the bags all kept tied and there wasn't any sweepings at all, and men were working there. A: Well they had to work, you see.

Q: They had to see there were holes in the bags, is that the idea?

MR. FARRIS: Now Mr. Chairman there surely is a time when you are justified in reproving Mr. Woods.

MR. WOODS: Suppose there were no sweepings, the men had to be paid. Was it up to the men to see that there were things swept up? A: If there was no sweepings.

THE CHAIRMAN: That is not a fair way to put it. What do you mean by the question?

MR. WOODS: I wanted to find out how the men were to be paid. He said if there were not any sweepings at all then they would not get paid; he was "out of luck". Were the men to be paid? When I asked him did they have to see there were holes in the bags in order to ensure that there were sweepings.

THE CHAIRMAN: That would imply that this man told them to put holes in the bags.

MR. WOODS: Well was that the idea? A: No.

Q: How were they to be paid? A: They had to do some work.

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Here is the situation. They had to get that wheat back into the shed under the supervision of my policemen, and then instructions were issued that that must go back to the elevator. That was all I was careful of. I said to Big Mac I said, "Listen, you check that over." Now that is fair enough.

Q: That was the talk you had between you. "You check that out", and what came out of it you would see how you distributed it among the men. A: If there was a proposition at all of salvage the Harbor Commission was to get it. You could not call it police work, because sweeping a wharf is not police work.

Q: At all events \$445.00 was handed to you by Mr. Smith.
A: That is it.

Q: As the result of you handing him the warehouse receipt to be cashed. A: Yes.

Q: And what did you do with this \$445.00? A: I gave it to this man and he distributed it, which he says we owe some yet.

Q: You got none of it yourself? A: Not a dime.

Q: Is that the only one you ever got? A: That is the only one.

THE CHAIRMAN: You got nothing out of this one? A: Not a cent.

MR. WOODS: This man presumably distributed all that to these men that you had here?

MR. ARMOUR: And he says this man reports there is something still owing. Are they around these wharves yet? A: No, at least I don't see them. They may be.

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capacity. A: I don't think so.

Mr. FARRIS: I think we have gone surely beyond the limits when we have to spend the time of this Commission delving into the workings of the Police Department of the Harbor Commission in a small penny ante transaction of this kind. I do not think this should go on without my protest. I do think in future we should try and confine ourselves to the charges here. For if we are going to investigate in every detail what is being done ⁱⁿ by the Harbor Board and every man's operation, what is done for the past ten years, or even two years, we are going to be here for a very long time.

MR. WOODS: I think Mr. Farris' comments are quite out of place.

THE CHAIRMAN: I think we are wasting time.

MR. WOODS: Mr. Beattie suggested Mr. Julian be called. This matter had to be cleaned up in the interests of the Harbor Board, in the interests of everybody connected with Vancouver. Does Mr. Farris want these things concealed?

THE CHAIRMAN: A certain warehouse receipt was discovered issued for grain procured in this way, from sweepings. This warehouse receipt was issued by Mr. MacLean and was negotiated by the Chief of the Harbor Police through Mr. Smith. We knew that and nothing more at the time. Mr. Beattie suggested Mr. Julian was the man to give the evidence. Here he is.

MR. WOODS: And having given the evidence and given the explanation and given it quite candidly, and answered all the questions, Counsel for the Harbor Commission rises and makes this tirade so that newspapers will make editorials such as we have had this morning. It is a shame that this Commission

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should be treated in this way by Counsel for parties who asked this Commission to come here and investigate. It is a shame.

MR. FARRIS: I say surely, this whole thing is a shame. We are charged before the Commission on certain innuendoes made and suggestions made two thousand miles away, and which are permitted to be made without notifying us that such charges are coming forward. The Counsel for the Commission permits that to be done.

THE CHAIRMAN: Well, I suppose I could go on and speak for half an hour, but I won't. Proceed.

MR. VAN ALLEN: Mr. Julian, you handed the warehouse receipt to Mr. Smith.

THE CHAIRMAN: Before you begin: stick to this particular warehouse receipt.

MR. VAN ALLEN: You handed this warehouse receipt to Mr. Smith.
A: Yes.

Q: At the suggestion of Mr. McLean? A: Absolutely.

Q: And Mr. Smith sold the grain? A: I understand he did.

Q: And you got the money? A: Yes.

Q: Whom did you get the money from? A: Mr. Smith.

Q: Personally? A: I think so, yes.

Q: In what form? A: Oh, I can't remember. I think it was in dollars. Money. Paper money.

Q: It was in banknotes? A: Yes.

Q: It was not in a cheque? A: No.

Q: You are sure it was not in a cheque? A: Pretty sure, yes.

Q: Can you tell me the denominations of the bills? A: I

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could not remember.

MR. ARMOUR: The cheque ^{is} ~~was~~ produced and cashed, and it contains on the back of it a memorandum of the bills in which it was paid.

THE CHAIRMAN: Well it is all over. Give Mr. Woods privately the name of this man.

COLONEL KIRKPATRICK recalled.

BY MR. VAN ALLEN:

Col. Kirkpatrick, your Board in addition to certain works, I understand, is building a couple of grain jetties.

A: Well, we have one under construction and the other is not yet under construction.

Q: Which one is under construction? A: No. 1.

Q: Where is that located? A: Oh, at No. 1 Elevator.

Q: That is the one between No. 1 Elevator and the Vancouver Terminal Elevator? A: Well, it is hardly between them. It is close to that location.

Q: And who is building that jetty? Who has the contract for it? A: Well the dredging has been the chief thing up to date, and that is the North West Dredging Company, and the sub-^{structure} contractor is the Pacific Construction. There are two contracts.

Q: Two contracts have been let up to date? A: Yes.

Q: One to the North West Dredging Company for the dredging?

A: Yes.

Q: And one to the Pacific Construction Company for the ---

A: For the sub-structure.

THE CHAIRMAN: This is the jetty that is now under con-

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struction.

MR. VAN ALLEN: No. 1 jetty, near No. 1 Elevator. And Col. Kirkpatrick, has any contract as yet been let for this superstructure of No. 1 jetty. A: Well no, not for the conveyor.

Q: No contract has been let for the superstructure. Now with regard to the other jetty, jetty No. 2, has any work been done on that? A: No, not yet.

Q: Have any contracts been let? A: No, not to my recollection.

MR. ARMOUR: Where is No. 2 jetty? A: Between the Great Northern pier and the sugar refinery.

MR. VAN ALLEN: Col. Kirkpatrick, has any contract been let for the completion of No. 3 elevator work house? A: Well now that was done during my absence. I don't think there has been. I would say no. But these details were carried out during my absence.

Q: But at any rate the work is proceeding? A: The work is proceeding.

Q: The work is proceeding under the direction of the Harbor Board itself, is it not? A: Yes.

Q: And who is in charge of the work? A: J. W. Cook.

Q: And who is J. W. Cook? He is the witness we had here a few days ago? A: Yes.

Q: He is engineer of the Pacific Construction Company? A: I believe so.

Q: He is doing the work directly under the Harbor Board?

A: Yes.

Q: And is being paid by the Harbor Board for construction?

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the work? A: Yes.

Q: In addition to the contract which The Pacific Construction Company have had for the annex and the reconditioning of No. 1 and these matters we have just mentioned, has The Pacific Construction Company any other contracts with your Board? A: No, I think ---- you have mentioned them all, I think.

Q: Has Mr. Davidsen any contracts with your Board? A: I don't know.

Q: Mr. Smith? A: No.

Q: They only have contracts with your Board, I understand, in the name of The Pacific Construction Co? A: As a matter of fact I did not know Smith was connected with it until I heard it here.

Q: Now, Mr. Chairman, I want to ask a few questions of this witness of a general nature which do not affect, probably, any particular item of the issue more than another. It will just take a few minutes. Col. Kirkpatrick, I understand that you have secured in the year 1919 a loan from the Dominion Government of five million dollars? A: Yes, that is right. That is, the Harbour Board.

THE CHAIRMAN: You say, of a general nature. Take for instance Clause 9. Does it come under that? I mean to say at some stage or other you are going to go into the transaction whereby the Harbor Board acquired this elevator.

MR. VAN ALLEN: Yes.

THE CHAIRMAN: Is not this the place where it comes in?

MR. VAN ALLEN: Yes, probably.

THE CHAIRMAN: Why do you raise it now?

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MR. VAN ALLEN: Well I think probably it will be an advantage to get it now.

THE CHAIRMAN: No, you are proceeding you see with Nos. 5, 4 and 3, that is the relations with Davidson & Smith. You had better stick to that.

MR. ARMOUR: This work on No. 3 elevator, that is known as the Woodward elevator? A: Yes, sir.

Q: The work done by the Harbor Commissioners direct through Mr. Cook? A: Yes.

Q: The Pacific Construction Co. had nothing to do with that job at all? A: No.

Q: Nothing whatever? Consequently neither Mr. Davidson nor Mr. Smith had anything to do with it? A: No.

MR. FARRIS: I think you paid Mr. Cook his salary direct, \$600.00 a month? A: Yes,

Q: Is he still in charge of that work? A: That work is just in process of cleaning up now, should be completed at any moment.

MR. WOODS: What work is that? A: No. 3 elevator.

MR. MacDONALD: Please call it No. 3 elevator. It is not the Woodward elevator.

THE CHAIRMAN: This clause No. 7 refers to the circumstances of the construction of the Woodward elevator?

MR. WOODS: Mr. MacDonald would like that called No. 3 elevator?

THE CHAIRMAN: We are investigating what is here. It is called the Woodward; evidently it is No. 3 elevator.

MR. WOODS: It is the completion of that elevator? A: Yes. Well, he is really working on the conveyor system at the present moment. Just in course of completion.

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Q: Well his time is not wholly taken up with it, it is simply he is advising. A: He is supervising.

Q: Superintendent of construction? A: Yes.

Q: He is also the engineer of The Pacific Construction Co.?

A: I believe that is correct.

THE CHAIRMAN: How is he being paid by you? A: He is paid: an arrangement was come to ---

Q: On a percentage basis? A: No, he is paid a straight salary.

MR. ARMOUR: By the Harbor Board? A: By the Harbor Board.

Q: Is it a monthly salary of a week ^{ly} salary? A: It is a weekly salary. It is \$150.00 a week I think.

THE CHAIRMAN: Are you able to give us the period during which he has been on that? A: I can't tell you when he started. He was put to work during my absence. I could not tell you the exact date. It is probably some time in February, I should think.

MR. FARRIS: I think he probably earned two or three thousand dollars before this Commission started. I have forgotten how long ago that is now.

MR. VAN ALLEN: I would like that information, if you can get it for me, Mr. Farris.

THE WITNESS then retired.

THE CHAIRMAN: What else about these contracts?

MR. FARRIS: We have to get certain information with reference to the amount paid to Davidson & Smith.

THE CHAIRMAN: We want what they have got, and then what

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claims they have abandoned. That is the statement is it, Mr. Woods?

MR. FARRIS: Yes.

MR. WOODS: This is a statement of the settlement as had to date with the contractors, The Pacific Construction Co.

MR. ARMOUR: This is The Pacific Construction Co. Ltd., and I object to Davidson & Smith being injected into this every few minutes.

Mr. Woods read from the following document:

Statement of Settlement to date with Contractors.
the Pacific Construction Co. Ltd.,
on the No. 1 Elevator Addition Contract.

1. PROGRESS ESTIMATE ALLOWANCES:

a. Original Contract & Extras to original contract.	\$ 24,500.00
b. Lower Conveyor Gallery.	748.28
c. Transformer House.	705.25

TOTAL \$ 25,953.53

2. Actually paid on account to date \$4,555.69

3. Present Holdback \$,395.84

4. Contractors Outstanding Claims.

(a) Foundation Contract.	\$ 15,000.00
(b) Extra percentage on Superstructure	10,000.00

TOTAL - \$ 25,000.00

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THE CHAIRMAN: Now are those claims being arbitrated?

M. . ARMOUR: They are a matter of dispute between the Harbor Commission and the Contractors at the present time. They have got to be settled outside of this Commission altogether.

THE CHAIRMAN: I mean are they being arbitrated now?

MR. FARRIS: They are going to arbitrate them, Mr. Chairman, unless they accept our figures.

MR. WOODS: What are your figures, Mr. Farris?

MR. FARRIS: I don't know.

MR. ARMOUR: They do not concern this Commission at all.

It is a matter to be determined between the Harbor Commissioners and their contractors on the form of the contract. The contractors claim they are entitled to these full amounts . At the present time no settlement has been made.

M. . WOODS: There is no submission or anything of that kind.

M. . FARRIS: Just before the Commission came here I took it up with Col Kirkpatrick and one of the other Commissioners, and we were going to have arbitration proceedings started, but when getting ready for the Commission it was overlooked. That is the way it is now. The figures are not accepted.

THE CHAIRMAN: Do you or Mr. Van Allen desire to examine or cross-examine anybody on this statement?

MR. VAN ALLEN: No sir, not at the present time anyway

MR. WOODS: Now, Mr. Chairman, we can begin on No. 7.

THE CHAIRMAN: Yes, I think it will be better to take No 7 before taking No. 6.

MR WOODS: We can leave cargo rates, if it pleases the

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Commission, and the administration of publicly owned elevators to the end. The question of mixing ^{grain} these to the end too, because it is a mere matter of whatever opinions we can get here. We will take No. 3 elevator, and first of all ask to the contract between the Harbor Commissioners and the lessees of No. 3 elevator. I understand you want Mr. Blatchford called. All right.

K. A. BLATCHFORD called, sworn and examined.

Copy of Contract dated March 1st, 1924 produced.

MR. VAN ALLEN: I was wondering why you called Mr. Blatchford.

MR. WOODS: Mr. Blatchford is the President of The British Oriental Grain & Elevator Co. Ltd.

MR. VAN ALLEN: I asked the Chief Counsel to allow me to proceed with the discussion of this lease first, inasmuch as I was not ready this afternoon to proceed with that first branch of that feature of the enquiry.

THE CHAIRMAN: You are not ready yet?

MR. VAN ALLEN: Well, I will be ready in the morning, sir, and I thought we might read this lease and get that over with this afternoon; then we would not waste tomorrow on it.

SIR. CHARLES TUPPER: It will be quite interesting and perhaps useful to have at this stage the suggestions that are at the bottom of this part of the enquiry, and as Mr. Blatchford is the President of the Company who are the lessees under the contract, I think it only fair to him to know in advance what underlies this portion of the enquiry, what he has to meet.

THE CHAIRMAN: Well, let me see. Taking, for instance, Sir. Charles Tupper, the recitals given by Mr. Van Allen to the charges, on page five, I presume you have a copy of that.

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SIR CHARLES TUPPER: No I have not, my lord.

THE CHAIRMAN: Well then you will have to furnish Counsel with a copy, Mr. Deachman. On page 5 you will find the gist of the matter.

MR. FARRIS: The whole question comes down to whether it is an improvident lease. The lease speaks pretty fairly for itself.

MR. VAN ALLEN:

~~XXXXXXXXXX~~ "It has also been reported to me that the Woodward elevator is to be completed at considerable public expense, and is then to be leased to a company now known as the British Oriental Grain Company at a low annual rental. The question immediately arises should these facts be true, is it proper that public moneys should be expended in constructing an elevator at such high cost, to be leased to private individuals at low terms."

SIR CHARLES TUPPER: That evidently was before the lease. It is leased now.

M. VAN ALLEN: "The Woodward elevator when completed, will doubtless be operated as a mixing house. It will be the first of the kind on our west coast. I submit that it is fair to say that the great bulk of opinion among farmers is against this practice. In Alberta we produce grain which is a quality product.....At Vancouver as yet no legal mixing is done. In view, therefore, of the very serious public concern regarding this practice, the question arises as to whether or not it is advisable ever to allow a start to be made at our Pacific ports."

THE CHAIRMAN: The questions are two. It is proper for public money, as you yourselves put it, to be expended in constructing an elevator at high cost to be leased to private

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individuals at low terms. That is the first question. Then, should this elevator be allowed to be used as a mixing elevator?

MR. VAN ALLEN: That comes under a different paragraph in the questions. Paragraph 8 deals with the question of mixing at the Pacific coast.

THE CHAIRMAN: Oh, yes, I knew. No. 7 and No. 8. All right.

MR. VAN ALLEN: These are the only particulars I had before me on the 15th of March. I did not have before me this copy of the lease. As a matter of fact the lease was only made on the first of March.

THE CHAIRMAN: Is there anything else you wish to attack besides the low terms?

MR. VAN ALLEN: I will give my learned friends notice of that in the morning.

The sections or paragraphs of the Van Allen memorandum above referred to are as follows:

"7. The circumstances of the construction of the Woodward elevator and the contract between the Vancouver Harbor Commissioners and the lessees of the said elevator.

"8. The question as to whether or not mixing of grain should be restricted or wholly prohibited at Canadian Pacific ports."

WITNESS: I am here at my own expense -- have been here for the last two weeks. I have some function to perform in the city of Edmonton, and I would like to get cleaned up as soon as possible. I am supposed to be on my vacation, and I have not

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had very much vacation.

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THE SECRETARY proceeded to read the terms of the lease between the Vancouver Harbor Commissioners and the British Oriental Grain & Elevator Company, as follows:

"THIS INDENTURE made the First day of March, in the year of our Lord One Thousand Nine Hundred and Twenty-Four,
BETWEEN:-

VANCOUVER HARBOUR COMMISSIONERS, a body ⁱⁿ incorporated by a special Act of Parliament of Canada with its head office at 525 Seymour Street, in the City of Vancouver, Province of British Columbia, (hereinafter called the "Lessor")

OF THE FIRST PART;

-and-

BRITISH ORIENTAL GRAIN & ELEVATOR COMPANY, LIMITED, a Company incorporated under the laws of the Dominion of Canada and having its head office at in the City of Vancouver, Province of British Columbia, (hereinafter called the "Lessee")

OF THE SECOND PART:

WHEREAS the Lessor is the owner of that certain property in the City of Vancouver known as the Easterly one hundred and fifty feed (150') of the Vernon Estate, and hereinafter more particularly described;

AND WHEREAS, on the said property is a partially constructed Grain Elevator;

AND WHEREAS the Lessor is to complete and fully equip the said Elevator and to construct in connection therewith a pier or dock to provide the said Elevator with suitable shipping facilities, also a workhouse for cleaning grain;

AND WHEREAS the Lessee is desirous of leasing the said premises, together with the said completed elevator and dock and pier;

AND WHEREAS it has been necessary for the Lessor in order to purchase the said property and to complete the said elevator

and workhouse and said dock or pier, to make a certain Bond issue;

AND WHEREAS the Lessor in leasing the said property desires by way of rental, or otherwise, to be fully compensated for all moneys expended in the acquiring of the said property and in the completion of the said elevator, workhouse, dock and pier, to be included in such expenses all solicitors costs and other charges in connection with obtaining title to the said property and the issuing and placing on the market of the said debentures;

AND WHEREAS the lessor has agreed to lease the said premises to the Lessee on the terms and conditions hereinafter set out;

NOW THEREFORE THIS INDENTURE WITNESSETH that in consideration of the rents, covenants, and agreements hereinafter reserved and contained on the part of the Lessee its successors and assigns to be paid, observed and performed, the Lessor hath demised and leased, and by these presents doth demise and lease unto the said Lessee, its successors and assigns that certain parcel or tract of land being known as the Easterly one hundred and fifty feet (150) of the Vernon Estate, and being more particularly described as follows:-

ALL AND SINGULAR, these certain parcels or tract of land and premises situated, lying and being in the City of Vancouver, in the Province of British Columbia, and known and described as all that part of Lot Thirteen (13) lying Easterly of the Line drawn parallel to and distant one hundred and fifty (150) feet Westerly at right angles from the Easterly boundary of Lot Twenty-eight (28), in

Block three (3), Subdivision "A" of District Lot One Hundred and eighty-two (182), Group One (I), New Westminster District, produced Northerly, all of Lots Fourteen (14), Fifteen (15), and Sixteen (16) in Block numbered One (I), and Lots numbered Twenty-five (25), Twenty-six (26) and Twenty-seven (27) and Twenty-eight (28) in Block numbered three (3) in Subdivisions "A" and "B" of District Lot One hundred and eighty-two (182) in the City and Province aforesaid EXCEPT the Canadian Pacific Railway Company's right-of-way through Lots Twenty-five (25), Twenty-six (26), Twenty-seven (27) and Twenty-eight (28) in Block Three (3), according to a map or plan deposited in the Land Registry Office at the City of Vancouver and numbered _____, also a certain portion of the water lot and foreshore rights adjoining the lands hereinbefore described, being ALL AND SINGULAR that certain parcel or tract of land and land covered by water situate, lying and being in the City of Vancouver, Province of British Columbia, and being composed of a portion of the bed of Burrard Inlet in the Public Harbour of Vancouver in front of the said portion of said Lot Thirteen (13), and Lots Fourteen (14), Fifteen (15) and Sixteen (16) in Block numbered One (I), in Subdivision "A" in District Lot numbered One Hundred and eighty-two (182) and Lots Twenty-five (25), Twenty-six (26), Twenty-seven (27), and Twenty-eight (28), in Block Three (3) in subdivision "A" in District Lot One Hundred and eighty-two (182) and which may be more particularly known and described as follows, that is to say: Beginning at the point of intersection of the said

East boundary of the said water lot in front of said Lot Twenty-eight (28) with the Northerly boundary of the Canadian Pacific Railway/★ Company's right-of-way; thence North along the said East boundary One thousand six hundred and fifty-five (1,655) feet more or less to the Northeasterly corner of said water lot; thence West One hundred and fifty (150) feet; thence produced South parallel with the said East boundary to the point of intersection of the said shore line and the said Lot Thirteen (13); thence following the said shore line in a South Easterly direction to point of intersection with the Northerly boundary of the Canadian Pacific Railway Company's right-of-way; thence Easterly along the Northerly boundary of the said right-of-way to the point of commencement, all of which hereinbefore described property in part of the plan shown colored red on ~~the~~ the plan attached to and described in a certain grant from the Crown to one Forbes George Vernon, dated fourth day of May, 1908

TOGETHER with all building or fixtures erected thereon or to be erected thereon during one term of this lease, or any renewal thereof, TO HAVE AND TO HOLD the said demise premises for and during the term of twenty-one (21) years, to be computed from the First day of March 1924, and from thenceforth next ensuing and fully to be completed and ended, upon the conditions following; namely:-

I. The Lessee covenants that it will pay to the Lesser as annual rental for the lands and premises, an amount which shall be equal to the interest paid on the bonds issued by the Lesser the proceeds of which have been used in the acquiring of the said property and making

improvements thereon as herein provided for. TOGETHER with an additional amount to be paid into a sinking fund which paid in equal annual instalments will retire the said Bonds within a period of Twenty-one (21) years. TOGETHER with an additional annual amount of one per centum (1%) on the amount of the said Bonds as a supervision charge; It being provided, however, that in no event shall the total charges as aforesaid be greater than nine per centum (9%) per annum of the amount of the said Bonds the proceeds of which have been used as aforesaid. The Lessee in addition thereto covenants and agrees to pay all registration in addition thereto covenants and agrees to pay all registration and solicitors charges in connection with acquiring title to the said land and registration charges, solicitors charges and trustees charges in connection with the said Bond issue.

2. The Lessee covenants with the Lesser to pay the said annual rentals in four (4) equal instalments in each and every year, which said instalments shall be paid in advance on the last day of March, June, September and December in each and every year during the continuance of this lease. Provided, however, that until the said improvements on the said property are completed that the Lessee shall from time to time only pay rental based on the amount of the Bonds, the proceeds of which have been actually expended in acquiring the said property or making improvements thereon. The amount so fixed shall be the maximum expended as aforesaid up to the date of the payment of the said instalment of rental.

3. The Lessee covenants that it will keep insured in the name of the Lessor, to the full insurable value, all buildings and machinery and equipment on the demised premises from loss of damage by fire, ⁱⁿ some Insurance Company or Companies to be approved of by the Lessor, and to pay all premiums necessary for that purpose at least seven (7) days before the same become due and whenever required to produce to the Lessor or its agents the policy of insurance and the receipt for the current year's premium, and that it will agree to all moneys received by virtue of such insurance being forthwith laid out in rebuilding and reinstating the premises, and the Lessor covenants with the Lessee that it will cause said money so received to be forthwith so laid out. Provided always that the Lessee shall at any time fail to insure the said premises as aforesaid, the Lessor may do all things necessary to effect or maintain such insurance, and any money expended by it for that purpose shall be repayable by the Lessee on demand, and may be recovered as rent in arrear. In the event of the premises being damaged by fire to such an extent as to make it possible for the Lessee to efficiently carry on its business, rent shall abate from the date of such fire until such time as the premises are repaired or rebuilt.

4. The Lessee covenants with the Lessor that it will keep the demised premises in good and tenantable repair and condition, and will keep all machinery thereon situate in good working order, repair and condition, and from time to time replace, renew and reinstate to the satisfaction of the Lessor any parts thereof which may become broken, lost, worn out or unfitted for use (damage by fire and tempest or by the Act of God, or the King's enemies always excepted.)

It being further provided that in the event of the said buildings or any of them through structural defects becoming unfit for the purpose of carrying on the operation of a Grain Elevator and workhouse, the Lessee shall not be bound to make such repairs, but in such event if the Lessor shall refuse to make the repairs thereto the Lessee may at its option either make the said repairs thereto or cancel the lease hereby given. (In the event of the Lessee making the repairs as aforesaid, the cost of such repairs shall be offset against the rental payable by the Lessee. Provided, however, that rent shall abate while such repairs are being made.)

5. The Lessee covenants with the Lessor that it will pay all rates and taxes levied against the said lands and premises for the period of this lease, and will observe all regulations now in force or hereafter to be in force by any Dominion, Provincial or Municipal authority, and applicable to the lands and premises hereby demise.

6. The said Lessee covenants with the Lessor that it will use the said lands and premises for a Grain Elevator, workhouse for cleaning grain, and for the purposes incidental thereto, and no other purpose, and that the operation thereof and all rates and charges to be made by the Lessee in the said business shall be subject to the reasonable approval of the Lessor.

7. The Lessee covenants with the Lessor that it will pay or cause to be paid all Harbour rates, dues and tolls, and all switching charges properly payable by it; it being understood and agreed that the switching of wags on to or from the premises hereby demise to be under the control

of the Lessor.

8. The Lessor covenants that it will forthwith make an issue of Six Hundred and Fifty Thousand Dollars (\$650,000.00) Debenture Bonds, and will out of the proceeds, thereof, with all due diligence, proceed to erect or cause to be erected with a workhouse capacity of 150,000 to 160,000 bushels capable of an elevation of 280,000 bushels per ten hour day and a storage having a capacity of 500,000 bushels, together with a dock or pier to provide suitable shipping facilities so that the elevator can be operated in a businesslike way. The said works to be completed not later than the 31st day of December 1924.

9. The Lessor covenants with the Lessee that it will on the written request of the Lessee made three (3) calendar months before the expiration of the term hereby created, and if at the time of such request the Lessee shall not be in default under the terms of this lease, at the expense of the Lessee grant to it a lease of the demises premises for a further term of twenty-one (21) years from the expiration of the said term at an annual rental which shall be equal to the rental paid annually during the first twenty-one (21) years.

10. For the purposes of insuring that the Lessee will create a revenue of not less than Twelve Thousand Dollars (\$12,000.00) Per annum over the said shipping facilities to be provided by the Lessor as hereinbefore set out, the said amount of twelve thousand (\$12,000.00) Dollars has been included in the said annual rental herein provided to be paid by the Lessee; It being understood and agreed

between the parties hereto, however, that as against the said rental so to be paid the Lessee shall be credited with all amounts paid to the Lessor by the Lessee by way of cargo or other harbour rates up to, but not exceeding, an amount of Twelve Thousand Dollars (\$12,000.00) per annum.

11. The Lessee covenants with the Lessor that the Lessor may enter and view state of repair and that the Lessee will repair according to notice, but subject to the conditions hereinbefore set out; and that it will not assign or sublet without leave, but such leave shall not be unreasonably withheld.

12. The Lessee further covenants and agrees that it will give a Bond by a Bonding Company approved by the Lessor for Twenty-five Thousand Dollars (\$25,000.00) guaranteeing the due performance of all conditions and covenants required to be done or performed by the Lessee.

13. Proviso for re-entry by the Lessor on non-payment of rent or non-performance of covenants.

14. And the Lessor covenants with the Lessee for quiet enjoyment.

15. It is further provided that this lease is made pursuant to the "Residential Act."

16. In the event of any dispute arising as to the intent and meaning of this agreement, or as to any act, matter or thing done or omitted hereunder, the same shall be referred to the award of a single arbitrator who shall be appointed, in case the parties hereto fail to agree, by the Chief Justice, or failing him, a Judge for the time being of the Supreme Court of British Columbia, and such

arbitration shall be governed by the Arbitration Act of the Province of British Columbia, or any statutory modification thereof in force for the time being, and the award of such arbitrator shall be final and conclusive.

This agreement to ensure to the benefit of and be binding upon the parties hereto, their successors and assigns respectively.

IN WITNESS WHEREOF the parties hereto have hereunto caused their corporate seals to be affixed, attested by the hands of their proper officers in that behalf, the day and year first above written.

The Corporate Seal of Vancouver
Harbour Commissioners was
hereunto affixed in the
presence of:

"Gay H. Kirkpatrick"

The Corporate Seal of British
Oriental Grain & Elevator
Company Limited was hereunto
affixed in the presence of:

"W. H. Blatchford"
President.

"A. Boileau"
Secretary.

After the above document had been read, the proceedings stood adjourned until the day following.

... .

FRIDAY MAY 30th, 1924

MORNING SESSION.

SIR CHARLES TUPPER: My Lord, yesterday Mr. Van Allen was good enough to say he would give me some particulars in regard to the references to the Company that I represent called the Blatchford Company, the British Oriental Grain and Elevator Company Limited. Your Lordship will remember that in the statement so far the only suggestion with which they were concerned was one in regard to a low rental and the terms of the lease, and also as to the policy of establishing a mixing house, and then the circumstances of the construction of the Woodward Elevator and the contract with this Company, the British and Oriental Grain & Elevator Company Limited. Mr. Van Allen, was good enough to hand me, by the way unsigned but no doubt intended to be signed by him, a document of May 30th 1924. It is not long, and I should like to read it before making any observations. "In my application at Winnipeg on March 13th last I asked among other things for an enquiry into the circumstances of the construction of the Woodward Elevator and the contract between the Harbour Board and the Commissioners of the said Elevator. It will be observed from the foregoing that no charges were made against the lessees of the elevator or the Vancouver Harbour Commission. We do desire a full and complete enquiry into the matters mentioned, particularly as follows:-

(a) The personnel of the directorate, shareholders and management of the British Oriental Grain & Elevator Company Limited,

(b) The Capital authorized, issued and paid up of the Company.

- (c) The nature of the business to be carried on.
- (d) Time for delivery of possession and reason for present delay.
- (e) Negotiation of lease.
- (f) Particulars of the acquisition, reconstruction and functions of the barge "Blatchford".
- (g) The proposed Bond issue.
- (h) Sources of grain for elevator.
- (i) Terms of lease, with particular reference to rents payable.
- (j) Explanation of clause (blank).

This is dated May 30th.

MR. VAN ALLEN: That is clause ten.

SIR CHARLES TUPPER: (k) Negotiations if any by Vancouver Harbour Commissioners with other parties looking to leasing of said elevator, and particularly as to efforts, if any, to lease same to other elevator operators.

- (l) Identity of any undisclosed interests.
- (m) Particulars of terms of contract under which elevator acquired by Vancouver Harbour Commissioners.
- (n) In what way contract between the Woodward Company Limited and the Dominion Construction Company was dealt with by the Vancouver Harbour Commissioners".

Of course we have nothing to do with that, but still I am reading all these extended particulars for a purpose which I will mention in a moment.

"(o) Details of completion of the workhouse and other works in connection with the said elevator, with statement of costs etc.,"

Now if Your Lordship will permit me I would like to point out that obviously from the original statements or from the fact that we had no notice of any kind as to the enquiry that was to be made into this Company, Mr. Blatchford will be, I think, unable to give the exact particulars of certain things connected with this Company, which is a private Company under the Dominion Company's Act. We will produce of course the charter, which shows the capital permitted and authorised, but in connection with other features I simply wish to say that, while they have nothing to hide, Mr. Blatchford's evidence should be considered in that light; and I am instructed to say that whatever exact information along these lines will be required will be supplied, but it takes time to perhaps disclose everything in connection with their records and so on. But they have nothing to conceal, and if there is any defect in the oral evidence I wish your Lordship and your associate to understand it is for no reason to conceal anything. We were not asked to have all these records of the Company here, nor could we reasonably have been supposed to produce the records of a private Company unless so directed.

MR. FARRIS: I may say that I have also been served with a copy of the letter to Sir. Charles, addressed to Sir Charles himself. Nearly all these matters are matters which the Company have in their particular possession, excepting the explanation of clause 10. I will be very glad to give my learned friend light on that clause.

THE CHAIRMAN: What do you say Mr. Van Allen, as to this?
MR. VAN ALLEN: Well sir, at the time this was mentioned

by myself in Winnipeg our information on this transaction was very meagre indeed, so therefore---

THE CHAIRMAN: That was in March though.

MR. VAN ALLEN: It was in March. The lease had just been made on March 1st, and this application was made on March 13th.

THE CHAIRMAN: Which application?

MR. VAN ALLEN: My application for this enquiry.

THE CHAIRMAN: Oh yes, but not this application now for these particulars.

MR. VAN ALLEN: That was made last night and fulfilled this morning.

THE CHAIRMAN: Are you satisfied then with what you obtained from Sir Charles Tupper? Is that what I understand?

MR. VAN ALLEN: I haven't obtained anything from Sir Charles Tupper.

THE CHAIRMAN: What do you mean by saying "fulfilled"?

MR. VAN ALLEN: Sir Charles Tupper asked me for any particulars which this Commission wished to have of this lease.

SIR CHARLES TUPPER: No excuse me, particulars of the charges which were mentioned by you and recorded in this transcript.

THE CHAIRMAN: I thought Mr. Van Allen was now serving notice of particulars that he wished from Sir Charles Tupper. The point then is this: these charges have been pending for over two months. Everybody has had ample notice of what was going to be required, and nobody, of course, more than yourself, Mr. Van Allen. Now Mr. Blatchford, president of the Company, is in the box, and any questions addressed to him which appear to us to be fairly within these clauses

7, 8 and so on, of course, he will be expected to be able to answer and to have the necessary documents where the evidence permits the ~~written~~ production of documents. But if matters are attempted to be gone into with him outside of that where we think he could not have had proper notice of it from the framing of these charges, of course we will have to deal with the question accordingly. That is all we can say.

SIR CHARLES TUPPER: Perhaps you will allow me to make my position more definite. I was not objecting. I was accounting in advance for what seems to me natural to anticipate, that Mr. Blatchford will not have formal documents ~~written~~ or records of the Company with him, as there has been no notice until now, but that we will supply whatever the Commission thinks should be supplied; and my learned friend under the circumstances would not wish to keep Mr. Blatchford here if he gives the assurance of forwarding through me further information.

THE CHAIRMAN: There is this distinction: when you asked for particulars of a charge, particulars of a charge does not justify the filing of a charge with different, foreign matter. There is that distinction. Well, we will proceed and as the questions arise we will dispose of them.

MR. WOODS: If there is any handicap at all to Mr. Blatchford or Sir Charles Tupper in regard to that I have no doubt Mr. Blatchford will be given every opportunity.

THE CHAIRMAN: Oh yes, subject to our time of course.

MR. FARRIS: The matter came up as to No. 2 elevator and I took the position at that time that it did not come within the charges at all, and Mr. Van Allen suggested that

the only purpose in reference to correspondence which was being asked to be produced was to show that the Pacific Construction Company or somebody connected with Smith & Davidson was employed by the Harbour Commission. A statement has been handed to me by Mr. MacDonald which he has asked me to ~~xxxx~~ make and which on behalf of the Harbour Commissioners we are very glad to make: "J.W.Cooke, Engineer and Superintendent of the Pacific Construction Company, was asked by the Harbour Commissioners to inspect and advise on the engineering plans of No. 2 elevator during the progress of the work. The said Cooke and Colin McLean did pursuant thereto make a report. J. W. Cooke was personally employed for the aforesaid purposes ~~and~~ has not rendered an account therefor, no account being fixed".

THE CHAIRMAN: What is the name of the Company who had the contract?

MR. FARRIS: The Northern Construction Company and Mr. J. W. Stewart.

MR. VAN ALLAN: My learned friend Mr. MacDonald and myself discussed this matter at some length yesterday at noon hour with a view of coming to some agreement to avoid a long drawn out discussion of the correspondence, the production of which I had asked for, and the arrangement that we have come to is that this statement which Mr. Farris has now made would be made and that I would make reference to certain minutes, the minute book of the Harbour Board, that my application ^{for} ~~if~~ production of the correspondence would not be withdrawn, and that ~~if~~ at any later time in the course of this enquiry I would have the right to renew my application for the production of the correspondence if

if anything turned up in the meantime to warrant the production of the correspondence.

THE CHAIRMAN: So far then we have this in evidence. We may say that during the time of the carrying on of their contract by the Northern Construction Company for elevator 2 the Harbour Commissioners employed Mr. Cooke, who is the engineer of the Pacific Construction Company, to inspect the work being done by the Northern Construction Company and to advise the Harbour Commissioners about it. Is that it?

MR. MACDONALD: That is correct.

THE CHAIRMAN: Is that all we are going to have about it?

MR. VAN ALLEN: And that in pursuance of such request he and the superintendent of Grain Elevators, Colin McLean, did inspect these plans and did make a report.

MR. WOODS: Was he to advise only on the plans or on the work being done on the elevator, or both?

MR. MACDONALD: On both.

THE CHAIRMAN: What turns on it? To show another connecting link between the Harbour Commissioners and the Pacific Construction Company, Davidson & Smith, or does it go further and show that something improper was done by Cooke and by McLean and by the Harbour Board? I want to know how far you are going with it?

MR. VAN ALLEN: I think this is all we are going to hear about it for the time being, but I reserve my right to renew my application at any time before the close of the enquiry if the situation warrants it. But ~~that~~ for the time being this will conclude the matter.

THE CHAIRMAN: You are about to read the minutes are you?

MR. VAN ALLEN: Yes, I am going to refer to some of the

minutes. I will refer to a meeting of the Harbour Board dated December 31st.

MR. FARRIS: I don't know what are being referred to. Does the matter of the whole of the interior workings come into discussion? As far as what has taken place either by minutes of correspondence or reports, it is a matter of the internal working of the Company, and it has no bearing on this question; it is one in which the Commission has no interest and is not within the charges, and I am objecting to going into it.

THE CHAIRMAN: We cannot tell whether the minutes are within what we are enquiring about or not until we hear more about them, of course.

MR. FARRIS: I don't know what minutes he is referring to. This is a statement given to me, and I have ^{made} ~~mark~~ it.

MR. VAN ALLEN: The minutes just refer to the various steps taken to these negotiations by the Harbour Board and acknowledge receipt of certain letters and reports and so on.

THE CHAIRMAN: What negotiations do you mean? Negotiations with whom?

MR. VAN ALLEN: I will tell my learned friends right now that if they object to my reading these minutes after the arrangement I made with them, which I fully understand, I withdraw my position and I won't agree to that ending the matter and I will ask that the whole correspondence go in. That was the arrangement I made, that this statement was to be made by Mr. Farris and I was to refer to certain minutes relative to this matter and that was to end the matter for the time being subject to my right to renew my application

if I was not satisfied with the position when the enquiry ended.

THE CHAIRMAN: Well we don't know what arrangements you made with your fellow council.

MR. VAN ALLEN: I say if my learned friends won't agree to these minutes being put in in the way I understood they were to be put in than I withdraw from the position I have taken under this arrangement and I will ask for all the correspondence to go in.

THE CHAIRMAN: What do you want Mr. Van Allen? All correspondence and other documents pursuant to the employment by the Harbour Commission of Cooke?

MR. VAN ALLEN: Yes I asked for that several days ago.

THE CHAIRMAN: In connection with the construction of elevator No. 2 by The Northern Construction Company?

MR. VAN ALLEN: Yes,

THE CHAIRMAN: Well, we give you that, you are entitled to that. That is to say that in so far as No. 2 elevator is concerned that is one of the things we are asked to investigate. Mr. Van Allen said the other day that, finding out it had been constructed by the Northern Construction Company and not by the Pacific Construction Company, it did not interest us so much as it first appeared to; but that all we are asked to investigate now is the connection established during that time between the Harbour Commission and Mr. Cooke, the engineer of the Pacific Construction Company, regarding that construction by another firm, and whatever is documentary evidence concerning Mr. Cooke's appointment and Mr. Cooke's work.

MR. ^{JOHN VAN ALLEN} ~~PARKER~~: That is we are to go into the whole question of No. 2 elevator?

THE

MR. FARRIS: Oh, no.

MR. VAN ALLEN: Well, that is involved.

MR. FARRIS: Well that is your own lookout. I don't know what is involved. But I understood was the point--- well, Mr. Van Allen has stated his version of what occurred, and there is no use in contradicting what he said unless we are to enter into a discussion and refer in detail to the incident--but the point is now that he wanted to show, according to his statement to this Court, that this was another connecting link with Smith & Davidson and the Harbour Commission and himself and therefore he wanted to show that Cooke was employed now then we have omitted that, and if there is any correspondence in connection with that employment we are quite prepared to produce it, but I submit that what took place afterwards between the Northern Construction Company, in regard to the construction of No. 2 elevator, and the other principals and so on is not a part of this Commission's duty and is going into matters of internal working which are not in the public interests and are against public policy.

MR. WOODS: I am inclined to agree with that .

MR. ARMOUR: Might I make an observation here? Mr. J. W. Cooke happens to be the engineer of the Pacific Construction Company. We are in no way involved in that. Mr. Cooke is an expert in his business, and he is brought into this matter at any time on that account and not because he is the Pacific Construction Company's engineer or anybody else.

MR. WOODS: I think that is the only point. The point that Mr. Harris mentions, I don't think that it ought to be necessary to go into the matters as Mr. Farris has stated

in connection with all these contracts in order to clear up that point, if that is the only point about it.

THE CHAIRMAN: Well here is the position.

MR. WOODS: Because Mr. Cooke was the engineer of the Pacific Construction Company, had they anything to do with his employment or has Smith anything to do with it? Did he advise the employment of Cooke, or did Mr. Beattie? "Did you have anything in your mind, or did you have any talk with Smith?" Investigate that thing as much as you please, but there isn't any particular purpose in investigating that end to mix it up with some dispute between the engineer about the construction of No. 2 elevator.

THE CHAIRMAN: Are we to be told here that the Northern Construction Company have any complaint about Cooke's employment?

MR. WOODS: Oh no, I don't think so.

THE CHAIRMAN: These who give the contract have the right to have their engineer there?

MR. WOODS: They ^{had} ~~have~~ the Metcalf Company.

THE CHAIRMAN: I mean that they could have as many as they like, that is their business. Did the contractors find anything wrong in the fact that Cooke was there? What is the point? On account of the limitations of the scope of these charges we have allowed anything to be brought before us up to this point which shows any connection between the Pacific Construction Company or Davidson & Smith, or Davidson or Smith, with the Harbour Board.

It was pointed out to us that on that occasion they employed Mr. Carter, who is the regular engineer of the Pacific Construction Company, to inspect and report to

them on the plans of Metcalf & Company and on the working of construction by the Northern Construction Company.

If we decide to go into the matter to see what connection there was, and if there was any connection, whether there was an improper one, we must go into that, and if any documents or letters or any other sort of correspondence is necessary to throw light on that, we are going to have it; that is all.

MR. VAN ALLEN: I would like to see the correspondence I have not seen it.

MR. FARRIS: Mr. Mathersill has seen it.

MR. WOODS: I don't think there would be any harm in him seeing it so long as it is understood it is connected up in any way.

THE CHAIRMAN: Mr. Farris, objects to the reading of the minutes, and Mr. MacDonald objects--

MR. MACDONALD: I am not objecting. But in order to save the time of the Commission and in order to keep the Commission within bounds I may say my friend interviewed witnesses that might be called, and as I understood it the whole issue was boiled down to these three notes. The minutes may be in, but I clearly understood that the statement ^{for} made by the solicitor of the Harbour Board was to boil down the issues raised by my friend the other day, he reserving the right to ask for the correspondence or renew his application at any further date. The three statements are really very simple, and it is just the boiling down of the correspondence.

MR. FARRIS: And all the evidence.

MR. MACDONALD: And all the evidence.

MR. FARRIS: And all the minutes.

MR. VAN ALLEN: How do you know you haven't seen them.

MR. FARRIS: Well you have.

MR. MACDONALD: And I understood that was the net result of the meeting and of the correspondence. My friend may renew any application he wishes, but in the meantime I thought I was absolutely clear on it. In other words I considered that the making of this statement was sufficient in the meantime and covered the whole purpose, without going through the minutes from say December until March.

THE CHAIRMAN: I cannot see any objection to the reading of the minutes of a public body such as the City Council, and any occasion--

MR. WOODS: Here is the point about the minutes. I came into it because Mr. MacDonald took this thing up with me first in order to save time in going over for two or three days something that appeared to be outside of what it was necessary for us to go into, and I worked on this thing to try and get the matter shortened down. Now the minutes referred to matters in this way. The Board receives a letter from Mr. Cooke and ^{Mr.} MacLellan to themselves, and they just referred to the letter ⁱⁿ ~~and~~ the minute. Well, the minute is senseless unless you produce the letter. It is that that Mr. MacDonald does not want to go into, because if you put a lot of letters such as that in these letters will have the same dispute involved in them. That is why I say let us only confine ourselves to the one enquiry we are at, and if there are any letters that throw any light on that well and good; if there are not, then confine ourselves to asking the witnesses whether or not

there was any influence of Davidson & Smith that got Cooke appointed into this position, without criticising another elevator's plans. That is what we want to know.

THE CHAIRMAN: Well Mr. Van Allen it is for you to say what you want, and if your demand appears reasonable you will have it granted; if not, it won't, of course. You see if Cooke had been an independent engineer working on his own account, and not in any way connected with the Pacific Construction Company, we would have refused your application. The only reason we are allowing this matter to be gone into is on account of the connection which you are trying to establish, and which you say is an improper connection, between the Harbour Commissioners and certain people. We say all right, gone on and establish a connection. You say the Board employed Cooke as their engineer. Now any correspondence which appears to us to be necessary and pertinent to that we will order produced. That is all I can say; and if your agreement has proved ineoperative, as you say, and as appears now, you had better come back again, if you can't make another one.

MR. VAN ALLEN: I was asking for the production of correspondence just to myself, without putting it ~~my~~ in, until I can see what the correspondence is.

THE CHAIRMAN: I would assume you ~~would~~ had had that before.

~~MR. VAN ALLEN:~~

MR. VAN ALLEN: No I have not had the correspondence at all.

MR. FARRIS: Mr. Matherall has had it; and as far as I am concerned Mr. Van Allen is not, without an order of this court going to see any correspondence we have without the presence of an official of this Court, in view of his

withdrawal from the arrangement made.

THE CHAIRMAN: He won't have an order to see correspondence, but he will have an order for you to produce any correspondence pertinent to this enquiry. If it is to go that way it will go that way, that is all, if you cannot agree on something. I must say that, except for taking up our time unnecessarily, I cannot see any purpose in reading the minutes of a public body. If the minutes show that certain letters are received, and if we have had the gist of the whole thing, it seems to me that is all that is necessary.

MR. MACDONALD: We haven't any objection to producing any minutes. They are there on the file.

THE CHAIRMAN: He says his agreement was that he was to make his statement and Mr. Van Allen was to read the minutes.

MR. VAN ALLEN: Subject to my right to ask for production of the correspondence if anything turned up to warrant such an application.

THE JUDGE: If anything turned up in evidence.

MR. MACDONALD: Yes.

THE CHAIRMAN: Well I don't see anything unreasonable in that.

MR. MACDONALD: Yes, but so far as going through the minutes for months I certainly do not understand that.

THE CHAIRMAN: For months.

MR. MACDONALD: Well, it really would be from December to February.

MR. VAN ALLEN: There are not more than half a dozen of them.

MR. MACDONALD: I have no objection to the minutes going in. I don't think my friend Mr. Farris has.

THE CHAIRMAN: Well, he seemed to I must say. ... The minutes won't be read, but you will produce anything that pertains to this part of the enquiry. If you come back with another agreement we will take that instead, but in the meantime that order will stand.

MR. VAN ALLEN: I ask that the correspondence be produced this afternoon so that I can study it over the week end.

MR. FARRIS: was understood to object.

THE CHAIRMAN: We are only talking of the correspondence which has to do with this. We are not talking about other correspondence.

MR. VAN ALLEN: My learned friend has particulars of the correspondence I wished him to produce. I wrote him over the week end. Is that understood, that my learned friend will produce the correspondence this afternoon.

THE CHAIRMAN: It is understood that you will enquire into the employment by the Harbour Commission of Mr. Cooke, and that all correspondence and other documents pursuant to that employment and to Mr. Cooke's activities while employed is to be produced, unless you come to some other agreement.

MR. WOODS: Mr. White arrived last night and was down to the elevator this morning, and he is here in connection with this matter of a weighup, which I quite realize to be a serious matter and one that we ought to come to a conclusion on at once; and with your consent and my learned friend Sir Charles Tappers, with apologies to him for delaying his client, I would like to ask Mr. White about the possibility of a weighup, what delay it would involve and any questions that would show us what is involved in it for the information of the commission and for the information

of the trade, so that they might see what attitude if any they should adopt about it, and then come to a conclusion on it.

Mr. J.G. WHITE, recalled.

BY Mr. WOODS: Mr. White you returned in connection with this order for a weighup. There has been an order made at the request of the Commission I understand by the Board of Grain Commissioners, has there not, for a weighup of this elevator? A: You expect me to give you information as to whether it has been issued?

Q. Well do you know? A: No all I know is that I was recalled.

W. Well, now then you went down to see the elevator this morning? A: Yes sir.

Q. With the purpose of sizing up what would be involved in the weighing up of that elevator, how long it would take, whether ship ing could take freight from it, whether grain could be received into it during the weighup, and generally what would be involved in the elevator being put in charge of the weighing department for the purposes of a weighup. Well would you be good enough to advise the Commission as to whether a weighup would be possible? A: Yes it is possible to weighup the house, and during the weighup it is possible to ship in grain that is cleaned ready for shipment. It could be audited onto the boat just the same as auditing to another bin.

W. How much grain is there of that kind cleaned? A: I could not tell you how much grain is cleaned. That of course is a matter that would have to be shown from the books.

In starting a weighup we have to have an absolute cutoff.

Q. What do you mean by that? A: A cutoff is that there is no grain taken in from the time that we take possession and seal up all the bins in the house. We get a report from the elevator of their stocks in store. That is supposed to be checked up with the registrar's stock as shown. Then we proceed to take the bin record, that is a record of the bins in the house showing what each bin contains.

MR. WOODS: How long would it take before you started to weighup? How long would it take you? A: To get the preliminaries ready for commencing the operation? Oh, probably the biggest part of a day?

Q. That is comparing the stock with the registrar's stock?

A. Not only that, but sealing up the bins, getting our stationary in shape, sounding the empty bins, and being started out, ready to start the transfer.

Q. It would not take you longer than a day to do all that?

A. No it should not take longer than a day.

Q. Then having done that, what? A: Well we proceed to weighup. The elevator authorities give us the grade of the grain in a certain number of bin to be delivered to bin so and so on a specified scale. That is what we call our transfer slip. They may give us three or four or five or six items on that slip. Then it all depends on the number of scales we can bring into use how rapidly we can get through.

Q. Can you tell from your survey this morning as to how that would be? A: No I could not. It is one of those things that involves too much to tell at a glance, but I would judge that we ought to, with all push, be able to weigh up the grain in somewhere about six or seven days.

Q. Probably six or seven days? A: Possibly yes.

THE CHAIRMAN: But in the meantime do I understand you to say that no grain could be taken into the elevator?

A. No sir.

MR. MOODS: You are not speaking of weighing screenings?

A. In weighing up terminal elevators it is not the practice to weigh screenings. The practice is, the inspector draws what they call core out of the bin. If he is satisfied with those screenings, it goes at that. Screenings are a very slow proposition weighing up. They come out of the bin and are very difficult to get through. It takes four times as long to weigh a bin of screenings as it does a bin of free running grain.

Q. But there would be nothing to prevent you receiving and shipping grain while you are weighing the screenings?

A. No I don't think there should. We simply have to keep track of the bins that the received grain was going into.

THE CHAIRMAN: But there would be a stoppage of receipts of grain for six or seven days in your estimation? A: Until we get the grain in the house weighed.

Q. You think it would be six or seven days? A: Well it would not be any more, but it might possibly be that. I am giving you the outside limit.

MR. MOODS: The shipments could go out of the cleaned grain that is in the elevator now? A: Just the same as we can weigh it from the bin now.

Q. And could you make any arrangement for grain to be cleaned while the weighup was going on so as to enable other cleaned grain to go out if necessary? A: Well, that would be possible. We could weigh up the uncleaned grain into a stated bin. We would have the gross weight of going in.

Then it could be run from that bin through the cleaner to another stated bin. The difference would be of course that we would weigh the gross. The dockage would have to be figured off.

Q. But that could possibly be done? A: I think that could be done, but there is no doubt that during a maximum of six or seven days and possibly less there could not be any receipts into the elevator? A: No.

Q. Of grain? But there could be shipments out? A: Yes.

Q. Of all the cleaned grain that is there and any other grain that could be cleaned by virtue of such an arrangement as you have mentioned from time to time. Now that is the situation that you find, and you can go on with it now if it is desired? A: Yes, just as soon as my assistant arrives here with the necessary stationery equipment.

Q. ^{He} ~~It~~ is ^{his} ~~on his~~ way from Ft. William? A: Yes, I believe he is on his way from Ft. William.

Q. With the necessary papers and seals? A: Yes, the papers and seals. We have special stationery for the purpose.

MR. WOODS: Would you like to ask Mr. White anything, Mr. Lucas?

MR. LUCAS: I think you have covered the ground.

THE CHAIRMAN: (to counsel for the Canadian National Railway): Do you want to ask any questions?

MR. HANNINGTON: I don't think so my Lord. I want to point out that our position today is worse than it was two days ago to the extent of sixty-five cars. We have sixty-five more

~~more~~

THE CHAIRMAN: You have heard Mr. White. Now what do you think of it.

MR. HANNINGTON: Well, I am not an expert even in my own

profession, let alone any other business. We have one ship here now, another one due at the first of the week for cargo, and we have of course these cars coming in. We are entirely in the hands of the Commission. It is going to hurt us. It is also going to hurt the grade, because we must put out an embargo to cut off incoming shipments; there is no question about that. To that extent trade will be hurt. It won't hurt us so much, except our shipping.

THE CHAIRMAN: You mean to say, in view of Mr. White's evidence that no grain will be receivable for a period of possibly six or seven days after the weighup starts, you will have to put on an embargo immediately? ^{MR. HANBINGTON:} ~~Yes~~ He will have to put on an embargo. Mr. White said "It will take six or seven days for a weighup with all possible push".

The chairman explains to the witness the purport of the statements received from the trade relative to the injury they apprehended as a result of a weighup at that time.

MR. FARMER: Mr. White, how long will it take to make a complete weighup, the screenings and all? A: I would not undertake to make any statement as to ^{how} long, because no man can tell that.

Q. It may take two or three weeks or more? A: That is with screenings?

Q. Everything, a complete weighup? A: Well, you can get rid of the grain in the first place, and that is, I believe, the important thing.

Q. Does it not tie up the elevator? Have you not got to use the legs that---? A: It all depends whether you have got to use the same leg for handling screenings ~~for~~ as you do for receiving.

If you do, you are tied up with

receiving, but if you can use the shipping legs for handling the screenings or the screening legs it might not make so much difference.

Q. You have not investigated that particular feature?

A. Well the only investigation is to know just where the screening bins are located.

Q. Well have you looked into that feature? A: No, I have not. It does not particularly concern me, if the screenings are to be weighed I don't care whether it takes until Christmas, I can go ahead and weigh it up.

Q. I am not suggesting you do Mr. White. I just want to know the situation? A: Well I cannot give it to you, any further than that.

MR. HARRINGTON: When you suggest an outside limit of six or seven days, does that include the one day preliminary? A. Yes I would judge it does.

A MEMBER OF THE GRAIN TRADE: You made one mistake, I think, in saying that James Richardson & Sons in a letter received from Mr. Craig objected to a weighup. I understood when Mr. Farris read that out the signature was "W.H. Craig & Company, agents for James Richardson & Sons", and I think everybody here understood that. Mr. Craig tells me he did not undersign the letter that way, he did not sign it for James Richardson & Sons.

THE CHAIRMAN: The letter is here. We will read it.

MR. FARRIS: I stated Mr. Craig was the representative of James Richardson & Sons, and he has ^{sworn} in the box. It is in evidence here. He is the representative here of James Richardson & Sons.

THE CHAIRMAN: It was given to us as the protest of Richardson & sons.

MR. FARRIS: Mr. Craig is here, and I do not think he will

use Mr. Coles as his counsel unless he wishes to get in trouble.

MR. CRAIG: I wrote that letter and I signed it "W.L. Craig Grain Company". I made no reference to James Richardson & Sons or anyone else, and I made that protest on behalf of my own firm.

THE CHAIRMAN: Well, we certainly were told it was James Richardson & Sons.

MR. COLES: Are you not the representative of James Richardson & Sons? A: I am representative of James Richardson & Sons. I also represent other shippers, and in making that protest I made it for the reason that I am an agent or a broker here for several firms who are shipping wheat through this port and to whom by the way sir I am responsible to within the next say ten to twelve days to have unloaded at this elevator in the neighborhood of 906,000 bushels of wheat.

THE CHAIRMAN: Within the next how many days? A: Within the next ten or twelve days, roughly. I cannot say to a day but that is as near as I can figure this morning. I must also admit that this time is subject of course to breaks. But I am responsible for the unloading of this grain; it is all now either on tracks or on route to Vancouver over the Canadian National and Canadian Pacific, and unless that grain is unloaded my boats are going to be tied up, and the consequences which will follow we hate to think of.

THE CHAIRMAN: You have heard Mr. White's statement. What do you think now?

MR. CRAIG: Oh I am of the same opinion now as I was when I first put in my letter of protest. I have no objection whatever to the weighup providing it does not interfere in any way with the loading of boats or the bringing in of grain

that is to be loaded on boats or the unloading of cars. We had certain commitments to the Orient and to Europe for certain loadings, and to tie up boats waiting for the elevator to be weighed up, I just don't know where the responsibility would rest, but I say, Sir, that I have approximately 906,000 bushels of grain to be loaded at the elevator during the next ten days. My cars are en route. They would all come forward. The embargo, I understand, would prevent any further shipments from country points, but my grain is all en route and has passed the embargo stage, and when it reaches Vancouver it would be held up and I could not unload it, according to Mr. White.

Q. It is only a question of the shipping. If there were enough grain in that elevator it would enable you to ship out in any boats that would come in for a little while? A: Unfortunately there is not. As Mr. White has mentioned, if the grain were coming out of the Calgary Elevator and cleaned, then it could be unloaded and run through.

MR. WHITE: I don't think I mentioned the Calgary elevator.

MR. WOODS: Any grain that remained to be cleaned could be cleaned ^{during} ~~through~~ the weighup?

MR. CRAIG: My grain is all coming from country points, uncleaned.

THE CHAIRMAN: While you are conducting your weighup is it not possible for the elevator to clean grain and then ship it out? I thought you said they could ship out cleaned grain.

MR. WHITE: Yes, I suggested we could possibly weighup the uncleaned grain into a stated bin and then clean that into

another bin and then ship that grain. I think that is feasible. I think that could be done.

Q: That is you would weigh the uncleaned grain first?

MR. WHITE: Yes, let that pass through the cleaner, and it would have first to be returned to the scales and weighted for shipment after cleaning.

MR. CRAIG: But cannot uncleaned grain be unloaded from cars? That is the point.

A MEMBER OF THE AUDIENCE: You can get it advanced by the elevator and save interest.

MR. CRAIG: When they haven't the grain they can't advance it; and I don't ask for any advances unless I need them.

MR. HALLIDAY: I was about to remark that the embargo on the Canadian National Railway affects about fifty-five or sixty cars a day.

MR. FARRIS. IN reference to the letter of Mr. Craig, I am quite clear as to what took place. I read the letter sent by Mr. Craig exactly the way it was, and I commented on the fact that Mr. Craig was the representative here of Richardson & Sons, which is the fact. If there is any doubt about it I would ask that the notes be referred to.

THE CHAIRMAN: Well now we had better let Mr. White hear the protests and get him to advise us on them. Start at the beginning.

THE SECRETARY then read the telegram from Albert Wheat Producers and Mr. Craig's letter of May 27th, 1924.

The text of the first-mentioned document is to be found at the beginning of the proceedings on Thursday, May 29th.

and that of the V.L.Craig Grain Company is reproduced later in the proceedings on the same morning.

THE CHAIRMAN: What do you say about the elevator being full, Mr. Craig? ("We also understand that the elevator is now full".)

MR. CRAIG: It was my understanding when I wrote this letter that the elevator was full of wheat and other grain and screenings, and that should a tie-up come there would be no available space to bring grain in. I also understood, sir, that this weigh-up was to be called immediately. I said "two or three days" ("..... we have various grades of grain on track Vancouver which must be loaded into ships within the next two or three days"). I admit, sir, that the letter could have been more properly written, but I was not in the frame of mind at the time; I had other troubles.

THE CHAIRMAN: Well, is the elevator full?

MR. CRAIG: Yes, sir. I was informed at that time that the elevator was full.

THE CHAIRMAN: How is it today? Do you know anything different now?

MR. CRAIG: I imagine it is pretty close to being full today.

THE CHAIRMAN: And when it is full, how much grain would it have in it? A: Oh, I would say one and a quarter million bushels of grain, and the balance is screenings. That is off-hand.

THE CHAIRMAN: Well, you have nine hundred thousand bushels and the Alberta Wheat Pool has a million bushels to load at the beginning of June, that is the day after tomorrow. All right, go on.

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The Secretary then read the letter from the Deep Sea Section of The Merchants Exchange which has already been copied into the record.

THE CHAIRMAN: Well now Mr. White, to a great extent we are in your hands. We have this to ascertain as far as we are concerned. We are enquiring here into an over-shipment of 73,000 bushels of No. 1 Northern, that is a shipment in excess of receipts, between the 31st of August, 1923, and March 7th, 1924. Those figures cannot be explained, it appears, without a weigher. Now for our purposes is there any difference between having the weigh-up now and waiting until your annual weigh-up, which comes in two months' time, July? Is there any advantage to be had by us in having a weigh-up now instead of in July to ascertain anything about that overage between the 31st of August and the 7th of March? You see my point? A: I understand.

Q: What do you say about that? A: Well, if the receipts into the elevator from the present time, or from whatever that date was, up to the time that you would have the annual weigh-up, and the shipments are the same, they were taken care of, you ought to arrive at the same conclusion then as you would now.

Q: I don't quite understand. A: There would not be the same quantity of grain to handle. It is presumably two months time from now to the actual weigh-up; the house will be possibly fairly well empty, there would not be the same rush of stuff passing through.

Q: As far as you are concerned, supposing we leave it to you and we say we want the weigh-up in order to ascertain

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why there was an over-shipment of 73,000 bushels of No. 1 Northern between the 31st of August, 1923, and the 7th of March, 1924. Now if you can give us any information at all by a weigh-up - you see the point? - could you give it just as well through your annual weigh-up in July as if you took a weigh-up beginning today? A: I don't know just about that. I would not say positively that you could.

Q: Well, is there any advantage in one more than another?

A: If you take the weigh-up at the present time you are evidently settling the matter now. I do not see there is any point ---

Q: Outside of that? A: I am in your hands.

Q: We want your advice, Mr. White, because we do not want to do anything that is going to be an undue hardship on people, especially on producers. I know what embargoes are. A: Well, that is practically what I expressed when I was here before, that it would possibly involve a considerable trial; not only that, it is just a question whether under existing conditions, where the cancellations are behind, they could arrive at the proper figures. Those are, of course, details that are outside of my jurisdiction, but it just simply occurred to me.

Q: Then apparently insofar as we are concerned it is just a question of time? You can give us as much information in July as you could now by a weigh-up. A: Yes.

Mr. FARNIS: Mr. Coles has been talking as insisting on a weigh-up. It has occurred to me that after all, as it is a question of indemnity for loss, possibly Mr. Coles might be willing to furnish a proper bond to protect the Court ^{Court} ~~Self~~ against making a loss, and then we can have a weigh-up.

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MR. COLES: I would seriously consider that. I think the loss will be nominal, and if the Court asked me to take that proceeding I would seriously consider it.

THE CHAIRMAN: I think the proposition is made more as a joke than anything else. Mr. Lucas, what have you to say now?

MR. LUCAS: I have nothing to add to what I remarked the other morning, and if it was necessary to do so we would call another meeting of the exporters this afternoon and be able to give you definite reply in the morning as to just what shall-be steps & their commitments are in. Other than that I have nothing to add to what I mentioned yesterday.

MR. WOODS: Well, would Mr. Lucas consider the question with the shippers here, having heard what Mr. White said, as to whether they really desire a weigh-up or not, and come to a conclusion on it, having heard what Mr. White said as to the length of time it would take and what would be involved in it and the possibility of cleaning up the grain or otherwise. There is no doubt what Mr. Craig's view is.

MR. CRAIG: Might I suggest that Mr. Coles be asked how much grain he has coming in or going out in the next two weeks.

MR. COLES: I have told the exporters that although I will not be hurt directly I am quite willing to go in with them and stand my pro rata of anything that may be lost by the other exporters. I might go further if I were asked.

MR. CLARK: In view of the fact that Mr. Van Allen is the representative of the Alberta Government, and the fact

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that the Alberta Wheat Pool is to all intents and purposes the commercial representative of the Alberta Government, I just want to say I am here only because I thought the men in Winnipeg were like some of the men who made money out of shipping grain from Vancouver. I just want to suggest to Professor MacGibben and to Mr. Van Allen and to Mr. Wood that this is the time so far as Northern Alberta is concerned when they are quitting seeding, or about to quit seeding, and cleaning up all the grain that is on the farms between now and the time for starting to hay. An embargo of ten days such as is suggested by the representative of the Canadian National Railways would probably be as serious as could happen at any time in the year. To my knowledge most of the small elevators in the northern district are full and they can only bring a load in when they take a car out.

THE CHAIRMAN: We are enquiring into one thing; we are holding ourselves down to what we are told to investigate, and we must find out, insofar as a weigh-up can help us to find out, information concerning these figures during those dates, August to March. Mr. White tells us he can get us the information just as well in his annual weigh-up, which is to be done anyhow at the end of July, as today. Now bearing the question of time in mind, it is a matter of two months, there is no reason why we should take chances today. I do not like this idea of an embargo, I must say; I know what it means on the prairies to be told "You can't ship", and there is no doubt at all that this is a time when in Alberta they are in a position to clear up the balance of their crop. Unless some one can show us a strong reason why there ought to be an immediate

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weighup, we are inclined to take our own course here. Do you press your demand, Mr. Lucas? We cannot ignore the attitude of The Merchants Exchange, because you stepped in the other day to voice on their behalf a certain viewpoint. We want to know what your attitude is now. We understood first The Merchants Exchange endorsed the application of Mr. Coles. What is their attitude today? If you cannot tell us now you can tell us at half past two.

MR. FARRIS: On the question of their figures, I understood from Mr. Hetherington that it would take them two or three days to check the figures up. I think they could probably check up and find the difference in these figures, as far as that end of it is concerned, that is, the 72,000 bushels.

THE CHAIRMAN: Oh well, if those figures can be explained without a weigh-up, why there is no weigh-up needed. We could not order a weigh-up then, because we would not have an excuse to order one.

MR. WOODS: Perhaps Mr. Lucas will consult with his clients and let us know at half past two I am told there is three cents against this port as against shipments on the Atlantic on account of rates on the Lakes, and if that is so it is an effective embargo anywhere except as to grain shipped that is rolling, that has to be taken care of. That is information that came to me, and perhaps your own shippers will be able to tell you that.

MR. FARRIS: I am objecting to statements of that kind. Where did you get your information? Evidently from Mr. D. D. Young, who is the Winnipeg Grain Exchange.

THE CHAIRMAN: Never mind, Mr. Farris, please keep those remarks to yourself.

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MR. WOODS: Mr. Young said he thought it should be known that there is a three cents differential in favor of the Atlantic as against the Pacific.

MR. FARRIS: From where.

MR. YOUNG: Alberta points, where the rates are the same, where the rail rates are the same going to Port William or coming here.

MR. COMMISSIONER MacGIBBON: That does not affect the next two weeks, commitments in May.

THE CHAIRMAN: Please tell us what your point is. Mr. Hannington says there will be an embargo.

MR. YOUNG: As far as new business is concerned.

THE CHAIRMAN: What do you mean by new business?

MR. YOUNG: New shipping? I understand that the rate is more favorable via the Atlantic.

MR. CHAIRMAN: From what date?

MR. YOUNG: Well, it has been in existence practically ever since I have been here, I think. The shippers will confirm that. That is what I am informed by the shippers from this port, that their rates are at present more favorable by the Atlantic and Port William.

MR. FARRIS: You cannot see that wheat is not coming this way, anyhow.

MR. YOUNG: Except to fill existing contracts. New business will not come this way, when it is a higher rate.

I suppose it is the ocean rates that are affecting it, but I would ask that some of the shippers make statements.

THE CHAIRMAN: What about that? Do you know anything about that, Mr. Lucas?

MR. LUCAS: This three cent differential is news to us. The decision of the trade is going to be based entirely

upon their present commitments. They have expressed themselves as being favorable to a weighup providing that present commitments on the shipments through the port would not be interfered with.

THE CHAIRMAN: Can you take care of present commitments of the members under these conditions that Mr. White has mentioned?

MR. LUCAS: Apparently from what Mr. White has stated, it is my present opinion, without consulting my people, that it cannot be done without seriously affecting the shipments through at the present time; but I will get as many together as I can between now and this afternoon and give you a more definite statement then.

MR. PARRIS: One statement I very strongly object to having being made by Mr. Young, who I believe is with the commission, and who I believe is from Winnipeg, is the one he has recently made. I have not made any reference to things from the West affecting this port, but when Mr. Young or the City of Winnipeg gets up here and tells this Commission and tells people generally that, regardless of the embargo, new grain is not going to come into this port, I think it is a very serious matter and one on account of which he is deserving of the most serious criticism. A knowledge of the freight rates and of differentials and all these points is a matter which requires a great deal of study and attention. There are many things to consider, and one thing offsets another thing. For us at this time to have to meet a suggestion of that kind made from Winnipeg--well, I want to most strongly and emphatically protest against it.

THE CHAIRMAN: Well, it is not a suggestion. The point is, does this differential exist?

MR. FARRIS: Well then, we had better go into the whole question of freight rates.

THE CHAIRMAN: And ocean rates too.

MR. WOODS: I think in justice to Mr. Young, in view of the statements of Mr. Farris, if shippers have that information shippers ought to state it. I gave it in perfect good faith, and I have no doubt Mr. Young gave it in perfect good faith, and I have no doubt he got it from the people he said he got it from.

MR. CLARKE: I would ask from what point? It cannot be from Saskatoon; it cannot be from Brandon.

THE CHAIRMAN: We are told that if it exists at all it is from Alberta points.

MR. COLES: As I understand, Mr. Young's point does not refer to railway rates. He means that the cables from London today indicate that you can buy cheaper via the Atlantic, and lately we have not been able to do any new business to the United Kingdom.

MR. CRAIG: I might say incidentally that some little new business is being done to the United Kingdom, and new business is also being done to the Orient. New business will probably be completed today for the Orient, for loading in June, and the United Kingdom and Europe are not the only market we have from this coast.

MR. LUCAS: I may say there is an enquiry in the exchange this morning for a full cargo in June for new stuff.

THE CHAIRMAN: Well, we will let it stand til half past two.

MR. WOODS: You were going to make a remark Mr. White?

MR. WHITE: The holding up of receipts of the cleaned grain you have in hand or what grain should be cleaned would not interfere with shipments, but it would interfere with receipts. I am prepared to go ahead here and am prepared to render every possible assistance to prevent a holdup longer than possible.

MR. COLIN MCLEAN, recalled.

MR. WOODS: Now you were asked by me Mr. McLean in connection with this matter of the sweepings in the loading shed, to search up and produce three other warehouse receipts that apparently had been issued, so far as the information put in my hands is concerned, for sweepings out of the loading shed. Have you got that? A: I have got two of them.

Q. And you are searching for the other? A: I am searching for the other.

Q. Give us the history of the two of them you have and tell us what they are for? First of all you produce a warehouse receipt for sample grain D5386, from the Vancouver Harbour's Elevator No. 1 issued on the 5th of March 1924 in blank from car X No. 1 shed, 517 bushels of sample grain. The warehouse receipt is not issued to the order of any particular person, it being issued, as I have said, in blank. Now where do you produce that from? From whose custody? From the custody of the grain accountant.

Q. The Grain accountant of the Vancouver Harbour Commission? A: Yes sir.

Q. It is in the possession of the Vancouver Harbour Commission? A: Yes sir.

Q. And it is their own property? A: Yes sir. Well the elevator property, it is with the grain records.

Q. But there is 517 bushels of wheat, according to this warehouse receipt, and who is it that owns it?

A. The elevator.

Q. The Vancouver Harbour Commission? A: Yes.

THE CHAIRMAN: How many bushels?

MR. WOODS: 517, Mr. Chairman, of sample wheat. Now how did that warehouse receipt come to be issued, and for what was it issued? A: It was issued for salvaged grain that was taken into the elevator.

Q. Now just tell me what you mean by that? Was it grain that had leaked out of bags or cars and was in the loading shed? A: Grain that was picked up in that way, sweeping cars and in the loading shed, along the pier, and samples, ^{and} grain that was outside of the actual ^{taken} grain/in in cars.

Q. And how was it picked up? By whom? A: By men employed for that purpose.

Q. Are the men employed for that purpose these men that were mentioned yesterday by Mr. Julian. A: Well not for all of it, no. When I took the sheds over I took my own men in there.

Q. It was while your own men were there, then? And how many men did you have on the job? A: I have got three men in the shed.

Q. Well all they employed full time in doing this cleaning up or do they do it at odd times? A: Well, the watch-

men and foremen and labourers, that keep the sheds and docks clean.

Q. And whose duty involves something more than merely keeping the shed clean I suppose? In general charge of the shed? A: In general charge of the shed.

Q. Telling the people where to move their goods to that come into the shed? A: There is no goods goes through the shed except grain. An odd time there is a cargo of lumber or something like that.

Q. How often do they clean those up, these sweepings? Once a week or once a day?

THE CHAIRMAN: We have disposed of the Julian case have we not?

MR. WOODS: No, it is the Julian case I am on. These were not issued to Julian, but they come up in connection with the fact that similar grain has passed through the elevator for which warehouse receipts are issued.

THE CHAIRMAN: I knew, but it stays with the elevator.

MR. WOODS: Apparently this one stays. That is the sweepings of cars and other-- A: Salvaged grain.

Q. Is taken in by the elevator and appropriated?

A. And appropriated.

Q. That is this one is, and I fancy the other are.

THE CHAIRMAN: Now I want to make sure that we ought to enquire into that. We enquired into the Julian case because of Smith. Now here we find this, that so far as these warehouse receipts show, 517 bushels of salvaged grain are taken in and the elevator appropriates it. That may be right or wrong; I don't know. What is the contention, that the elevator should not do this? Or

should they try and find out who the individual owners are? What ought they to do?

MR. WOODS: I think they are doing quite properly in connection with these cars. Apparently since Mr. McLean and his three officials were in charge of the wharf they go there and sweep things up and take the sweepings and put it back into the elevator, and it becomes the elevator's property. That is what ought to have been done. I do not understand the other practice at all. I do not understand how it comes about that the Chief of the Harbour Police, retain certain people to do the other thing. I found these other warehouse receipts, or was advised of them, and I have examined into them, and this is apparently the explanation given in connection with these as far as I have gone into them, and it would indicate that quite the proper and ordinary practice is being followed in regard to them.

THE CHAIRMAN: Is it the ordinary practice do you know, for elevators to do this with sweepings or cleanings?

WITNESS: Some elevators take different methods. In my experience some elevators take screenings in with no warehouse receipts at all for it, but in order to balance the house after the warehouse receipt is registered it is a charge against the grain that is received into the house. If it is not registered then you cannot get an accurate weighup of your house, if you have grain in that house being weighed and inspected in for which there has been no paper issued.

MR. WOODS: I am bound to say the ordinary way, it would seem to me, would be to take it in and put it in the

screenings bin.

THE WITNESS: What, what?

MR. WOODS: It is just the same as screenings--

THE CHAIRMAN: That depends what it is, of course.

MR. WOODS: It is inspected in? A: Yes sir they call for inspection in on it.

MR. YOUNG: You have a certificate with it? A: Yes.

MR. FARRIS: I object to Mr. Young taking any part in this enquiry.

THE CHAIRMAN: Mr. Farris, please remember Mr. Young is our technical adviser. He is going to take part in this enquiry, and if he has any knowledge he is going to communicate it to us, even if it is displeasing; we can't help that. We now know in so far as this is concerned there is this practice. Of course the grain does strictly speaking belong to the man who shipped it. If it is ascertainable he ought to get it back.

THE CHAIRMAN: I suppose it is all mixed up. It might be from a hundred shippers.

THE CHAIRMAN: Is it credited to the elevator itself?

A. Yes sir.

Q. Does any person, yourself or anybody else, get any advantage out of it? A: No.

MR. WOODS: Is that the same with all of them? A: The same with all of them with the exception of the one yesterday.

Q. And who is that W.R.B.? A: You notice this rubber stamp endorsement with the initials of the man who put that in, "W.R.B.". W. R. Biernes.

Q. He is the Mr. Biernes who was in the box here?

A. Yes sir,

Q. That is a rubber stamp ? A: Yes.

Q. Then this Biernes, he is in charge of your stamp for the purpose of putting-- A: I gave him a stamp for putting it on. You will find that on all warehouse receipts since the 1st of February.

M. VAN ALLEN: Biernes issues all the warehouse receipts?

A. No sir Biernes doesn't. The warehouse receipts are made out of the weigh sheets, and when it is countersigned by the accountant then Biernes puts his stamp on it.

W. Who is this? A: H. J. Parker. When we are getting 180 or 200 cars a day and issued two receipts for practically 80 or 90% that is received--

Q. Biernes does not work in the office? He is the house inspector? He is the grader? He has nothing to do with this stuff?

THE CHAIRMAN: What is the point? What about Biernes? Is there anything connected with that? Somebody has to stamp these things I suppose; these warehouse receipts are issued for all grain that goes to the elevator?

MR. WOODS: We have two receipts here. Mr. McLean says he is looking for the other one, the 3 Northern. You think it is of the same character, it is owned by the elevator? A: Yes sir.

THE CHAIRMAN: What is the point of this Mr. Van Allen?

MR. VAN ALLEN: Well I haven't raised any point.

THE CHAIRMAN: I thought you were, by your reference to Biernes.

MR. VAN ALLEN: I ask him why the house inspector would sign the elevators warehouse receipts. There is just one question I wanted to ask Mr. McLean, that is if any of

your warehouse receipts are issued in blank. That is, in
are ~~any~~ blank and not endorsed? A: All warehouse receipts
are issued similar to that warehouse receipt.

Q. You issue all your warehouse receipts in blank?

A. Yes.

M. VAN ALLEN: The first time I ever heard that. They
are filled in when the shipment comes? A: No. A
warehouse receipt is an negotiable document, and it is
only deliverable upon receipt of the Bill of Lading and
outturns with the payment of all charges expressed there-
on. Then you present the Bill of Lading of the car
represented by that warehouse receipt with your outturns
on, and pay all your charges against that car, then the
warehouse receipt is handed to you for that car or that
particular parcel of grain.

Q. But in this case there was no Bill of Lading? A: Not
in that case.

Q. Therefore the name should have been put in? A: It
is put in there that it is from No. 1 shed.

Q. No but the name of the owner.

MR. WOODS: The owner is the elevator isn't it? A: The
owner of the grain is the elevator. Vancouver Harbour
Commissioners Elevator No. 1 is responsible for all the
grain for which it issues a warehouse receipt.

THE CHAIRMAN: If they issue one to bearer that is all
it amounts to?

MR. WOODS: All I want to get at is this Mr. McLean, so
I will not be under any misapprehension. The wheat
represented by that grain mentioned in these warehouse
receipts and this other three Northern grain is the

property of the Vancouver Harbour Commissioners? A: Vancouver Harbour Commissioners Elevator.

Q. Well, the elevator does not own property. The Harbour Commissioners operate the elevator? A: The elevator, Mr. Woods, is responsible for the delivery of what is expressed on that warehouse receipt.

Q. Of course it is, but don't let us talk in cross purposes. Are they responsible for the delivery of that amount of grain to the Vancouver Harbour Commissioners or anybody else? Who are they responsible for the delivery-- A: For the delivery there?

Q. Yes. A: To the party who surrenders that paper. THE CHAIRMAN: It is the same as any warehouse receipt. The party who surrenders that paper, that is whoever the Vancouver Harbour Commissioners deliver the paper to?

A. Deliver the paper to.

MR. WOODS: It is owned and held at the present time as the property of the Vancouver Harbour Commissioners.

A. As all other paper.

W. But if the United Grain Growers or if the Alberta Pacific put in one hundred thousand bushels of grain in there and there are warehouse receipts issued held by the Harbour Board pending the payment of freight, the Vancouver Harbour Commissioners do not own that hundred thousand bushels of grain, it is the property of the United Grain Growers or the Alberta people? What I am getting at, is this grain that is taken off the sheds and put through as you say for which warehouse receipts are issued, as sweepings from the sheds, regarded as being the property of the Harbour Commissioners for which they

issue a warehouse receipt and sell the warehouse receipt, take the money and credit it to their general account?

A. That would be for the Commission to decide on Mr. Woods. You are asking a Technical question. In my opinion that grain belongs to the elevator.

THE CHAIRMAN: Does he mean it is their property the same as any other warehouse receipt which may be prepared and delivered to the person whose property it really is.

MR. WOODS: I don't know.

THE CHAIRMAN: He said he considered the grain covered by the warehouse receipt as the property of the elevator.

MR. WOODS: That is so; it is the property of the Harbour

THE CHAIRMAN: Commissioners./ Then I asked him whether any individual had any share in the proceeds of that, and he said no.

MR. WOODS: Yesterday I understood the witness to say when we were examining regarding the warehouse receipts that the elevator did not own these sweepings.

THE CHAIRMAN: Well, they don't own it---in a moral sense it may be mine, but he says they appropriate it.

MR. VAN ALLEN: That is the point; it belongs to somebody else.

THE CHAIRMAN: As I say, we are not investigating that. We are told that terminal elevators do gather up sweepings off tracks and appropriate them. That is not peculiar to this elevator. Whether they should or not is a general question, but unless you can connect it with these charges against this elevator here we should not deal with it.

MR. WOODS: We are not at any cross purposes. There is no doubt that is the position, as the Chairman says?

A. Yes.

Q. That it is regarded for the time being as being the property of the elevator? A: Yes.

MR. VAN ALLEN: These receipts have not been cancelled?

A. No.

Q. So the grain has not been sold? A: No.

MR. WOODS: And the same with the 3 Northern? That grain has not been sold.

MR. COMMISSION MAGGIBON: Mr. McLean, you mentioned yesterday Mr. Mackenret. He is a weighman? A: He is a weighman, the Government weighman.

Q. Has he ever made a complaint at any time that the cars have not been properly swept out? A: Yes, Mr.

Mackenret came to me, and I told him any time he found cars in that position to let me know, and I would see they were properly swept.

Q. Has he made complaints? A: I remember one time; not so much of the cars being swept out, but the heading which is between the pits of the car, sometimes when they were shovelling he complained about the splash going over into the wrong pit. He complained at the same time they would be a little grain splash over, and he requested me to attend to that.

Q. But on the other point, has he ever complained that cars were not properly swept out? A: That they were not sweeping the cars clean enough?

Q. Yes. A: No, not that I know of.

MR. WOODS: Did Mr. Mackenret ever say anything about this practice that was followed when Julien was there, that is to say the men whom he employed and he let take ~~material~~ salvage: did Mr. Mackenret complain about that?

Mr. McLean

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A. Mr. Mackenrot told me it did not look very well to be sweeping cars after they were unloaded.

MR. WOODS: I am not speaking of sweeping of cars. I am speaking of this: we had in evidence yesterday about this crowd of men that Mr. Julien hired or somebody under him hired for the purpose of cleaning up the elevator, and that practice stopped? A: Not the elevator.

Q. But the wharf and shed, and that practice stopped. Apparently the grain was put in the elevator, a warehouse receipt issued, given to Mr. Smith, cashed, and according to the evidence the money was given to Julien and by him ordered to be divided among these men. Now did anything that Mr. Mackenrot, the weighman, say have any influence in stopping that practice? A: No sir.

Q. Did he ever mention it to you? A: No sir, outside of complaining that it did not look very well to sweep the cars after they were unloaded.

Q. Well, the sweeping of the cars after they were unloaded has nothing to do with this other thing we are talking about. A: With the other?

Q. Yes. A: No, outside of what grain was recovered out of the sweepings.

Q. Well then, Mackenrot's remonstrance did have something to do with the stopping of it. A: No. I explained very thoroughly to Mr. Mackenrot at that time we swept the cars as clean as we could, in the shed; if he had any complaint to make about cars not being swept we would adhere to any complaint he had to make, but if the cars were out and were struck by an engine, what was recovered---
THE CHAIRMAN: If it is going any further we had better have Mr. Mackenrot here. I am wondering what we are investigating

Supposing somebody else came along and said the elevator stole his wheat, would that have anything to do with this enquiry?

MR. WOODS: Well, we came on this matter by reason of something Mr. Smith said in evidence. He was being examined as to the warehouse receipts that he had cashed. And it is the Julian matter that I am mentioning.

THE CHAIRMAN: Now we are dealing with what this elevator does with its sweepings generally, whether it sweeps the cars properly, whether it gets them clean.

MR. WOODS: My question referred to what Julian did with the sweepings.

THE CHAIRMAN: I am not referring to your question, in so far as it concerns your object--

MR. WOODS: I cannot control the witness's answers.

THE CHAIRMAN: If we are going any further and opening up an new enquiry as to what they ought to do with the sweepings from their cars we will have to have Mackenrot here and see what he has to say; and I don't think we ought to investigate that. Well go on. Is there anything in the books there that throws any light on it.

WITNESS: I said there were two or three things that would appear irregular that I want to show you on these books.

MR. WOODS: We don't want to go into it unless it has to do with the Julian matter.

THE CHAIRMAN: Go on Mr. McLean. What do you want to say?

A. He was asking about returns from the shed yesterday and about the issuing of the warehouse receipts for grain, and I was explaining about shutouts on boats where they

Mr. McLean.
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will put a little in the shed after it was charged to the elevator and shipped out. Then I explained I had to take trucks, take it back to the shed, weigh it in, and get another warehouse receipt for it.

Q. I don't see what that has got to do with these warehouse receipts. These are receipts for cleanings.

A: Yes sweepings. But we are up against conditions here that they are not up against at other places with regard to keeping grain cleaned up, and if you are to allow every person to go around the docks and pick up sweepings, when you stop them outside they would say it came from the docks. We had quite a job this fall: there was a lot of grain being pilfered that way, and except when the Canadian Government Merchant Marine was running the shed they would tell us we had nothing to do with it.

MR. WOODS: I have no criticism of this way of doing it. I have of the other.

MAYOR K. A. BLATCHFORD (of Edmonton, Alta.)

Called, sworn and examined:

BY MR. VAN ALLEN:

Q. Mr. Blatchford, you are president, I understand, of the British Oriental Grain & Elevator Company Limited?

A. Yes sir.

Q. Which is the lessee of the No. 3 elevator? A: Yes.

Q. Vancouver. What is the date of the incorporation of the Company?

SIR CHARLES TUPPER: If my learned friend will allow me to save him time: I have the Letters Patent, and these are the originals, so that I would ask the Commission to allow the originals
Mr. Blatchford

Mr. Blatchford to have them back after copies are taken. They give you the particulars of the authorized capital and the date of incorporation.

THE CHAIRMAN: Read us these particulars, Mr. Van Allen.

THE WITNESS: Capitalized at \$250,000.00. Dominion Charter.

MR. VAN ALLEN: Under the Companies Act of Canada. The provisional directors are Kenneth Alexander Blatchford, Alexander A. Gray, Alfred Bull, Reginald Hubbert Tupper, Miss Reade, and T. Read, of Vancouver.

THE WITNESS: These last are from the staff of Sir Charles Tupper's office.

MR. VAN ALLEN: The objects of the company are to construct, own, lease, or hire, and elevator or elevators in the Province of British Columbia, Alberta or Saskatchewan or either or any one of the said Provinces for the business of elevating and cleaning wheat, grain, and other produce with the requisite engines for such elevator and the requisite appliance therefor and also to store or forward such grain or other produce, etc., and to purchase and sell grain on commission. The date of incorporation is February 2nd 1924. The Capital stock of the Company is \$250,000.00, divided into twenty-five hundred shares of one hundred dollars each.

MR. COMMISSIONER MACGIBBON: Is Edmonton your head office? A. Vancouver.

SIR CHARLES TUPPER: I think Mr. Van Allen mentioned that it was incorporated as a private Company? A: As a private Company.

THE CHAIRMAN: It does not offer shares to the public?

A. No.

MR. VAN ALLEN: The operations of the Company are to be carried on throughout the Dominion of Canada and elsewhere. The place within the Dominion of Canada which is to be the Chief place of business of the Company is to be the City of Vancouver, in the Province of British Columbia. The Company can construct, own, lease or hire sheds, stores and warehouses for the reception and storage of wheat, grain and other produce, goods, wares and merchandise; build, own or lease, hire or charter sailing or steam vessels and tugs and purchase wharves, roads, cars and other property required for the purpose of carrying on elevating, storing, weighing or forwarding; carry on the business of warehouseman in all its branches; acquire the whole or any part of the interests, property and liabilities of any person or company carrying on any business which the Company is authorized to carry on, or if it is the possessor of property suitable for the purposes of the Company; enter into any arrangement for sharing profits, union of interest, cooperation, joint adventure, reciprocal concession or otherwise with any person or company carrying on or engaged in or about to carry on or engage in and undertaking or transaction which this Company is authorized to carry on. I don't think I need read any more of them, because they are very general. Power to sign promissory notes. I don't think we need this any further. We can hand this back to Sir Charles.

MR. WOODS: It is a Canadian Corporation ~~that is~~

SIR CHARLES TUPPER: Yes, Canadian.

MR. VAN ALLEN: Mr. Blatchford what portion of your capital, if any, has been issued? A: About forty thousand dollars. Approximately, offhand.

Q. And what portion paid up? A: It is all paid up.

Q. Forty thousand dollars issued and paid up? A: Yes.

Q. Who are the directors at the present time? A: J.K. Cornwall--

Q. By the way was that paid up in cash? A: Yes it was paid up in cash.

Q. Entirely? A: We are not doing business yet and the cheques of some of the directors are still in the Secretary's possession in the safe because we thought it was very poor business to place money in the bank when it could be used otherwise, and we could demand it any time we started to do business.

MR. WOODS: How much of the forty thousand dollars is like that? A: Oh, probably half of it.

Q. So the Company then has received about twenty thousand dollars of this subscription? A: Well it is all available at any time.

Q. And with the exception of that twenty thousand dollars it is cheques? He has not cashed them that is the point.

A. Ha Yes.

Q. But what I was getting at is, as I understand your evidence no shares had been issued for a consideration other than cash? A: You mean in the way of promotion?

Q. Yes. A. Not a nickle. Not a cent.

Q. You were giving me the names of the directors, and

you gave me Mr. J. E. Cornwall of Edmonton? A: Yes.

Q. Who else? A: The Hon. P.E. Lessard, of Edmonton.
Stanley G. Tobin.

Q. Of Edmonton? A: Edmonton and Leduc. A. Beileau, of
Edmonton; and myself.

Q. They are all of Edmonton? A: All of them.

Q. Who are the shareholders other than these directors
Mr. Blatchford? A: Well I have applications galore. I
could sell that stock out inside of thirty days if I
wanted to dispose of it, but it is a close corporation,
and we are not doing business at the present time, and
we have not accepted the applications.

Q. You have numerous applications? A: I have quite
a number of applications, which will be taken care of
and issued when the time comes.

THE CHAIRMAN: These five men hold the shares? They
hold all the shares.

MR. VAN ALLEN: They hold the whole forty thousand dollars?
And what amount would represent the applications which you
now have? A: These applications for stock?

Q. Yes. A: May be about sixty thousand dollars.

MR. PARKES: Sixty thousand dollars more? A: Yes.

Q. Mr. Blatchford, who is Mr. Cornwall? A: Mr.
Cornwall is president of the Northern Trading and
Transportation Company, with a line of steamships running
to the Arctic Circle. An old timer, and solvent in every
way shape and form.

Q. And the next man you mentioned is Mr. Lessard? A: Yes.

Q. Who is he and what is his business? A: He is an
ex-member of the Alberta Legislation. He is a Capitalist

and Merchant.

Q. Having stores where? A: Scattered throughout the Province of Alberta.

Q. One at St. Paul de Metis, and where is the other one?

A. Now I could not tell you.

Q. Coal Lake, Athabaska. A: And I think out in Mountain Park.

MR. CAMERON: Is he solvent? A: He is worth about half a million dollars. Two hundred thousand dollars in cash in the Bank.

MR. VAN ALLAN: And the next director you mentioned was Mr. Boileau. And who is Mr. Boileau? A: Mr. Boileau is a merchant, shoe merchant in the city of Edmonton.

Q. And who else? A: Mr. Tobin. Mr. Tobin is a member of the legislature and a farmer and a business man.

Q. Residing where? A: Residing at Edmonton.

Q. And you are the Mayor of Edmonton and what is your present business Mr. Blatchford? A: Well I am paid for being the City Commissioner and Police Commissioner at the present time.

Q. I mean aside from your duties with the City? A: I am in the Real Estate Insurance Business.

Q. Have any of the five directors you have mentioned had any connection with or experience in the grain trade up to the present? A: Mr. Lessard owns a line of elevators in Alberta.

Q. What line is that? A: I don't know the name of the Company. It is some Grain Company.

Q. You say Mr. Lessard owns that? A: Well he is-- he doesn't own it outright.

Q. He has an interest in that you mean? A. Yes.

Q. You cannot tell me the name of the Company. A: I think it is the Northwest Grain Company. They have elevators at Vegreville and St. Paul and through that country.

Q. Outside of Mr. Lessard, have any of the other gentlemen mentioned being connected in any way before with the grain business?

SIR CHARLES TUPPER: Including himself.

MR. VAN ALLEN: Including yourself? A: Well I have in the last ten years had a great deal to do with the grain business.

Q. Do you mean actively engaged in the grain business?

A. Well, I was born on a farm. My father was a grain producer for forty years. My brother is superintendent of the largest line of elevators in Alberta, and I have paid out in grain losses to the farmers of Saskatchewan and Alberta over a million dollars in cold cash myself.

Q. You mean from the Companies you represent? A: From the Companies.

Q. But I am speaking now of yourself. Have you been in the grain business yourself. A: Well I have never bought any grain. I have raised it on the farm.

THE CHAIRMAN: Well, the grain business; you mean handling elevators?

MR. VAN ALLEN: Handling elevators, or buying or merchandising grain.

MR. VAN ALLEN: Now, Mr. Blatchford, what is the nature of the business that your Company proposes to carry on?

A. We propose to carry on a general grain business.

Q. What do you mean by that?

A. Shipping and storing and cleaning, and probably buying and selling.

Q. But I mean, what sort of a license will you take out for the operation of your elevator?

A. That just depends on what this Commission does with mixing houses.

Q. Well, but supposing that the mixing practice is to continue, is it the intention of your Company to obtain a private license and go into the mixing business?

A. Well, we are going into the mixing business provided it is permitted and it is legitimate. If this Commission sees fit to stop mixing at the head of the Lakes and other places---there are six mixing houses right in this city today, as I understand.

Q. What are they? A: Mixing houses.

THE CHAIRMAN: What do they mix in these houses? Grain?

A. I am not saying that is authentic. I am told so.

MR. ARMOUR: There are six licensed houses in the city of Vancouver. Particulars of those can readily be obtained. My learned friend Mr. Van Allen says in the course of his charges that this would be the first mixing houses in the West; if this Woodward elevator was entitled to be used as a mixing house it would be the first mixing house in the West. Well, that is not an accurate statement.

THE CHAIRMAN: Do you mean that mixed grain is now being shipped out of Vancouver?

MR. ARMOUR: Yes.

MR. VAN ALLEN: I did not think mixed grain was being

shipped out of Vancouver.

MR. WOODS: I think Mr. Armour is under a misapprehension. There is no such thing as a license for a mixing house. There are terminal elevator licenses. A milling company, of course, buys grain and mixes it for its own purposes, for the purpose of milling its wheat.

WITNESS: I know, but they do more than mill their wheat. They ship as well.

VAN ALLEN:
MR. WOODS: Who else besides the Vancouver Milling & Elevator Company? A: I am not in a position to give you the names.

Q. That is the only firm you know of? A: Well, I don't know of them.

Q. You understand that there are six establishments at Vancouver carrying on the ordinary mixing practice at the present time and shipping grain for export?

A. Well----

Q? Are they shipping grain for export? A: They are mixing houses.

SIR CHARLES TUPPER: You can get all that from Mr. Hall. He is in the trade.

MR. VAN ALLEN: At any rate, as I understand, Mr. Blatchford, it is the intention of your Company, in case the mixing practice is to continue, to take out a private elevator license and carry on the usual business of buying and selling grain? A: It is the intention providing it is permitted, in the usual way.

Q. Has your Company taken possession of the elevator as yet? A: No.

Q. Possession was given you under the lease dated March 1st: you were to get immediate possession, were you not, Mr. Blatchford? A: Well, no, it was understood they would complete the tenant's work. (As.)

Mr. Blatchford.
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Q. Has the lease being signed and executed? A: Yes.

MR. FARRIS: It has not altogether been executed. As far as the Harbour Commission is concerned, they accepted the responsibility of the lease being executed. What happened is that Col. Kirkpatrick's name is alone on it. At the time the lease was granted, Mr. Blatchford wanted to get away and Col. Kirkpatrick was going to Ottawa. The lease was drafted then and the next day completed and ~~sent~~ signed by Mr. Blatchford or sent to Edmonton for signature. It was forwarded on to Col. Kirkpatrick at Ottawa. He was there. He signed the lease and sent it back to Mr. Harvie, but there was one paragraph which he did not understand and which he wrote back to Mr. Harvie that it was not to be used until that paragraph was cleared up. The matter was held up until after he came back, and finally I took it up with him and we arranged that that paragraph be changed, with the consent of Sir Charles Tupper and Mr. Blatchford, and the change was inserted. Mr. Harvie has been away sick for some time, and the formal completion has not been made, but for all purposes we assume the full responsibility as if the lease had been signed, and it will be completed at once. It is treated as far as the Harbour Board is concerned as being signed and sealed as of that date.

MR. WOODS: The point then is that the parties are at once as to the terms of the agreement for a lease, but the actual lease has not been executed.

THE CHAIRMAN: Yes, except that the president of the Harbour Commission has signed it.

MR. FARRIS: And as far as the Harbour Commission is concerned, as counsel for them I state that if there were a law suit or any question over it we would admit that the lease--

THE CHAIRMAN: There may be an enforceable agreement for a lease.

MR. FARRIS: We are going to execute it anyway.

THE CHAIRMAN: You admit the contract?

MR. FARRIS: We admit the contract.

WITNESS: You asked me Mr. Van Allen why we were not operating it. It was understood verbally, and I think by correspondence too, that they would build a trestle and a railway into the plant. At that time there was no trestle work for landing boats or anything else; and they would immediately take hold of that and complete that work, which they thought would take three weeks or probably a month, and when that was completed we were to take the plant over; but up to the present time that has not been finished. The house has been completed, and they are using it now to relieve No. 1 by routing cars in, cleaning them, and routing them out by car again. But we could not operate and make any money at that, or even break even. We have got to get loading facilities into the boats. So until the time that that trestle work is completed we are unable to get anything out on the water.

MR. FARRIS: As far as the Harbour Commission is concerned we haven't any desire that they should take it over. We have been suffering from lack of cleaning facilities, and we pressed that into service as a cleaning elevator. We have pressed that into service as No. 3. When the new

Elevator is completed this fall that will relieve us of that trouble , and their elevator won't be of any use to us, but we are desirous of using it up to the completion of the present crop season.

WITNESS: At the end of the month I ^{came} ~~came~~ back and found they were away behind, and they suggested this, the Harbour Board, that they could use this elevator to good advantage to relieve No. 1. I said that would suit me, because I could not do business until the trestle work was completed, so they started to use it by routing the cars in and out.

Q. The trestle work is for the purpose of getting cars in and out? A: Yes .

THE CHAIRMAN: You say that the contract provided for the Harbour Board putting in this trestle work? A: Yes.

SIR CHARLES TUPPER: The whole arrangement is based upon their putting it in shape my Lord,

WITNESS: There is a storage plant as well, Mr. Chairman, and the trestle work.

THE CHAIRMAN: You are waiting for both these things?

A. No; we can operate on a small scale without storage, but we have got to get an outlet to the water.

MR. COMMISSIONER MACGIBBON: "Provide suitable shipping facilities so that the elevator can be operated in a business like way". That is the one? A: Yes.

MR. VAN ALLEN: Now, Mr. Blatchford, has your Company made any arrangement as yet for the receipt of grain, with a line of elevators behind them to provide you with the grain? A: I have an arrangement with a ^{line} ~~line~~ of elevators in Alberta.

Q. That is the one you spoke of a few minutes ago I suppose? A: Oh no, this is one of the biggest operators on the prairie. I do not like to divulge the name because I have no contract signed up; the negotiations are on and---

Q. The position then is that you are now negotiating with a company which owns a line of country elevators? A: Practically all closed, and the contract would be signed only for the fact that this Commission has held it up.

Q. To supply you with grain for your private elevator? A: Yes. In fact they claim they can give us all the grain we can handle.

Q. Now Mr. Blatchford, when were ~~the~~ negotiations opened up between yourself and your associates with the Vancouver Harbour Board? A: Well I will have to go back a little ways in connection with that. I was linked up with two projects here, one a couple of years ago that never went through and then another one that was brought to life, and I was also on the ^{directorate} ~~directorate~~ of that company, which I think was called the Prairie and Pacific Elevator Company. They were going to build up the harbour here, and we thought we would make a stock company out of it and sell the stock to the farmers on the prairie, and everything was going along nicely until I read Mr. Howe's report on the elevator situation covering Burrard Inlet and the cost of transferring cars from the yard to where we would be located, so we finally dropped the whole thing. That was last fall.

Q. You were going to be on False Creek were you? A: No, we were going further up, up towards Port Moody, and of course the Woodward Elevator was under discussion, and

pretty well advertised in the newspapers, the United Grain Growers had looked it over, and there was negotiations I believe, between the United Grain Growers and the Harbour Board, or at least the Woodward people and the Board, and later on I took the matter up with Mr. Prenter and Mr. Beattie, I just forget how it came up, suggesting that I could link up with the right kind of people on the prairie to send their grain in this direction; and we had this other project under consideration, but it didn't look as though we could finance it easily, and the matter drifted along until last January, when I was over here, and I took the matter up with the full Board.

Q. When did you first speak with Mr. Beattie or Mr. Prenter about it? A: Oh some time last year I guess.

Q. Some time last fall? A: I can't just remember. I remember the first meeting of the Board quite well. It was in January.

Q. The first meeting of the Board was in January, but I understand you to say---of course they were aware of the fact that I was interested in elevator projects here.

Q. That is the Harbour Board were cognizant of your interest in obtaining an elevator at Vancouver long before this opportunity came along? A: Oh yes.

THE CHAIRMAN: January 1924 do you refer to? A: The meeting of the Harbour Board?

Q. Yes.

MR. VAN ALLEN: That is the first meeting of the full Board?

SIR CHARLES TOPPER: I may be allowed to say that the first entry I had was January 6th in regard to negotiations between the witness and the Harbour Board.

WITNESS: Well, this may have been in December then.

SIR CHARLES TUPPER: January 5th was the first time we were retained to act for you?

WITNESS: Because I took it up with them once or twice before I went to my solicitor.

MR. VAN ALLEN: As I understand it, Mr. Blatchford, some time during the fall you opened negotiations, the fall or summer? A: I don't know just when it was.

Q. Some time during the fall or summer? A: I have been talking elevators so much that I may have it mixed up so far as the dates are concerned.

Q. But let us get it settled as well as we can. As I understand it, some time during last year-- A: It was after the U.G.C. turned ^{the proposition} ~~it~~ down, I met Mr. Howe, who had been inspecting for the Elevator Company, for the United Grain Growers Company, and asked why the deal fell through and if he thought the elevator was a good elevator, well constructed and so on.

THE CHAIRMAN: What proposition had the United Grain Growers turned down? A: They were negotiating for the Woodward. They turned it down. They did not buy it.

Q. That is they withdrew as far as you know? A: They withdrew from the deal.

MR. VAN ALLEN: At any rate the negotiations which were going on between them fell through, fell through from both sides. A: Fell through because it was not big enough.

MR. PARNIS: The elevator was not large enough for that purpose.

MR. WOODS: Somebody can give first-hand evidence on that.

MR. VAN ALLEN: Yes, I think so.

SIR CHARLES TUPPER: A matter of common knowledge, really.

Mr. VAN ALLEN: You say Mr. Blatchford that you did not speak to any of the Commissioners at all with regard to the Woodward Elevator until after the negotiations with the United Grain Growers Limited had fallen through. How was that the first time that you had ever mentioned the matter to any of the Commissioners, the matter of this elevator?

A. Yes.

Q. That is clear? And then can you tell us what month that would be in when the negotiations fell through? A: I don't know.

Q. As a matter of fact the negotiations fell through about the 28th of November, if I remember. Do you recall that?

A. No I can't recall that. I was not here. I was here in July, I think, for a day or two, but I was not here again until December.

Q. So the ~~probability~~ probability is that your first negotiations for the elevator commenced in the month of December? A: Likely that would be the time.

Q. And on that occasion you saw whom? A: I saw Mr. Beattie and Mr. Prenter.

Q. Together? A: Well they happened to be in the lobby of the hotel, and I took the subject up with them, and I says, "why don't you complete that thing and rent it to somebody?" I ~~didn't~~ ^{didn't} know whether they ever thought or entertained the rental idea.

Q. Yes go ahead. A: Of course it was in the hands of Mr. Woodward.

THE CHAIRMAN: Pardon me have the negotiations been between the United Grain Growers and them? A: No, the United

Grain Growers, as I understand, were negotiating with Mr. Woodward, the man who built it.

THE CHAIRMAN: Not with the Harbour Commissioners?

MR. FARRIS: No sir. Mr. Woodward owned the elevator at that time, of course they had to make a deal with the Harbour Board too they had never thought of renting it before that, you say? A: Well I don't know.

Q. Is that what the Commissioner said? A: No.

Q. The Commissioners did not say they had never thought of renting it? A: No, I could not say whether they ever said that.

Q. Tell us the gist of your conversation with the Commissioners? A: They said there was only one way to take it up properly, and that was with the Harbour Board, which I did.

Q. Were both the Commissioners present, Mr. Beattie and Mr. Prenter? A: They just simply said, "if you want to put a proposition up to us you can do so at ten o'clock in the morning, when we have a regular Board meeting", which I did.

THE CHAIRMAN: That was all that was said.

SIR CHARLES TUPPER: And if I may be permitted to say just there, everything was tentative, depending on the Woodward--- A: Oh yes. They did not own the Woodward at that time.

MR. VAN ALLEN: I want to get this clear Mr. Blatchford. As I understand your evidence, that is the only time you had mentioned the matter of the elevator in any personal way with any of the Commissioners? A: Yes.

Q. You only did mention it to them at one time and that was at the Vancouver Hotel under the circumstances you have

described. Next morning you say you appeared before the Board? A: I can't say whether it was the next morning, but I made a date to meet the board. I had never met Mr. Kirkpatrick.

Q. Was it a few days after that or was it the next morning? A. I can't just tell you.

Q. Anyway it was within a short time you appeared before the Board and made a proposal? A: Yes.

Q. And what was the proposal? A: Well I told them that I had a connection on the prairie that could assist them in getting grain through this port, and if they could complete arrangements whereby we could take over the elevator, why, we would do business. So the Chairman said it was new to him, and he would have to consider it; and I suppose it was a week before we got down to business in connection with the deal. We had several meetings.

Q. And did you explain to the Board on that occasion that your Company would carry on the business of a private elevator?

A. We would carry on the regular line of business that the house was built for.

Q. Of course it is built as a private elevator? A: Yes.

Adjournment for Lunch.

AFTERNOON SESSION

Mr. E. A. BLATCHFORD.

EXAMINATION RESUMED BY MR. VAN ALLEN:

Q. Mr. Blatchford, One thing I overlooked this morning: you gave me the names of your shareholders up to date, and your directors, but I want to ask you the names of your management? A: Well I am the acting manager until such

time as we start to do business.

J. And have you arranged for a manager after that date?

A. Not altogether I have one or two in view.

J. Who are you negotiating with? A: Well I have---

SIR CHARLES TUPPER: I don't know that Mr. Blatchford would object, but it does seem to me that unless there is some serious reason for pressing this enquiry on that line it might be embarrassing. They are negotiating with private individuals.

THE CHAIRMAN: Yes, I understand that. What is your object, Mr. Van Allen? You mean, to manage the elevator after it is in operation?

MR. VAN ALLEN: Yes sir.

THE CHAIRMAN: He says he negotiated with several people. Why do you want to know who he is negotiating with?

SIR CHARLES TUPPER: I suggest that you ask him whether he is negotiating with that person you think he should be negotiating with, if you have in mind some one.

THE CHAIRMAN: Yes; name the person and ask if he is negotiating with him.

MR. VAN ALLEN: Are you negotiating with Mr. J. R. Smith for that position, Mr. Blatchford? A: No sir.

J: Now you told us this morning about your first meeting with the Harbour Board, as I understood you to say, early in January? A: Yes.

MR. PALMER: He said in December.

SIR CHARLES TUPPER: I may have misled my learned friend. I said it was early in January he consulted me and gave me instructions.

THE CHAIRMAN: The 5th of January you said, Sir Charles. Mr. Blatchford has said he thought it was in January, and then he put it back to December. He had given him instructions on the 5th of January.

WITNESS: It was the latter part of December, because I was in the midst of a whirlwind campaign on December 10th, that was in Edmonton.

MR. VAN ALLEN: And it was after the election that you came to Vancouver? A: Yes.

Q. And then, I suppose, Mr. Blatchford, negotiations continued from that time on until the lease was signed? A. Yes, I was back two or three times.

Q. And was the lease signed on the date that it bears on its face, March 1st, 1924?

THE CHAIRMAN: That is signed by Mr. Blatchford?

MR. VAN ALLEN: Yes. A: Well I think I signed it--I signed it first subject to the Board signing it, and then it was forwarded on to Ottawa and signed by the Chairman.

Q. Of the Harbour Board? A: Of the Harbour Board.

Q. He was away? A: He left town a couple of days before I left; he left Vancouver for Ottawa; and we had not completed the deal. There were several clauses in the lease that had to be revised. This lease was drawn at least five times.

Q. Do you say Mr. Blatchford, that the Chairman of the Harbour Board was not in Vancouver during some of your negotiations? A: Oh yes, right up to the last minute. The lease would have been signed in his presence but I was not present on the afternoon that he left. I did not get down to the Harbour Board on time.

Q. And what date would that be, approximately? A: I could not tell you.

Q. Would it be anywhere near the date of the lease, March 1st? A: Yes it must be.

Q. You say then that the lease was signed by you approximately on the date which the lease bears, March 1st 1924. A: Just about then.

Q. And during this period, Mr. Blatchford, from December until March when the lease was signed, who carried on the negotiations on behalf of you and your associates? A: Sir Charles Tupper.

Q. But I mean, which directors? A: I myself.

Q. You yourself? A: Yes.

Q. Accompanied by any of the other directors? A: No.

Q. And who conducted the negotiations on behalf of the Harbour Board? A: The Harbour Commissioners and Mr. Farris.

Q. Mr. Wendel Farris? A: Their solicitors.

Q. And were all the Commissioners present on each occasion that you met them? A: Yes, any time we discussed the business. I used to drop in there occasionally when I could not see them at all. We had twenty meetings if we had one.

Q. Were any of your negotiations carried on with one of the Commissioners alone? A: No.

Q. Now Mr. Blatchford, it came out in the evidence the other day that your firm is acquiring or has acquired a lighter which has been named after yourself? A: It has not been christened yet. That is right.

Q. How was that boat acquired, Mr. Blatchford? A: Well

when we arrived at a settlement in the agreement regarding the leasing of the elevator, the Harbour Board pointed out and I could see for myself that it would be impossible to load a boat from that elevator for months to come until a pier was built whereby you could berth boats, and whereby we had a conveyance out there for conveying grain out to a boat.

Q. In other words, at the present time an ocean going steamship cannot berth near your elevator? A: No. So I discussed the matter with people I knew here in town.

Q. Pardon me now. You say that that was pointed out to you by the Harbour Board? A: Oh yes, but naturally I could see for myself that you could not bring a boat into the elevator without a pier.

THE CHAIRMAN: At the present time? A: Well, at that time and at the present time, although there is a trestle work out there now. I can tell you the story just how it happened.

Q. Go ahead. A: After the lease was negotiated and we were anxious to get working, the Harbour Board thought they could have it ready inside of three or four or five weeks, but they could not have the pier ready probably until December; that is what the contract calls for.

They agree to build a trestle which could be used for the box cars, and I could thereby load boats by having a lighterage system which could get up to this trestle work and then take the grain out to deep water. So therefore I made arrangements with Mr. Davidson, of the Pacific Construction Company, to purchase a boat from the United States Government and have it remodelled for that purpose.

MR. VAN ALLEN

Q. Did you have any communication with the Board of

Grain Commissioners as to the use of a boat of that sort
Mr. Blatchford? A: No.

Q. Has the boat been delivered as yet to your Company?

A. Well it is not quite completed, and it is still in
the hands of the contractors, but it is almost completed.

Q. And have you made any arrangement with the Weighing
Department as to the movement of that grain that you would
put into that boat onto an ocean steamer? A: I have
not even made an application for a licence to operate the
elevator yet. That is on account of the fact that the
work has not been completed.

Q. Mr. Blatchford, in the use of a lighter of this sort
has it been brought to your attention that where grain is
loaded from a lighter into an ocean-going steamer that
the cargo will be outturned on outturn weights and outturn
grades? A: Has it been drawn to my attention?

THE CHAIRMAN: What do you mean?

MR. VAN ALLEN: My understanding from the exporters, sir,
is this that any case where grain is weighed out into
a lighter--

Q. Weighed out of an elevator? A: Weighed out of an
elevator into a lighter, it is graded out and weighed out.

THE CHAIRMAN: And these certificates are final? A: Yes.

MR. VAN ALLEN: But there is no weighing or grading from
that boat into the ocean-going steamer, because it is
impossible to do it. Then the exporter will not have a
grade certificate from the elevator into the ocean-going
steamship, but he will have a weight certificate from the
elevator into the lighter, or a grade certificate into
the lighter, which I am told exporters will not accept,
and in such cargoes settlements will be made on the basis

of outturn weights and outturn grades destination.

THE CHAIRMAN: How do they do when they have to transfer through transfer elevators?

WITNESS: Mr. Chairman, this system is in vogue in other parts of Canada.

THE CHAIRMAN: Where they load into barges first, and then use a lighter to load it on to the ocean-going vessel, how is that difficulty got around? I mean it is not always possible to get your grain directly out of that terminal elevator into an ocean-going vessel. Now how is it on other occasions matters are arranged?

MR. VAN ALLEN: That is what I am trying to find out. I have been informed by a well known firm of exporters here that these grade and weights certificates into a barge of this sort would not be accepted and the whole cargo into which such grain has gone would have to be graded and weighed at the outturn.

MR. COMMISSIONER MACGIBBON: Would not be accepted, or would not be accepted as final?

MR. VAN ALLEN: Would not be accepted as final. I have just asked the witness if that has been taken into consideration.

THE CHAIRMAN: There is always weighing at destinations, as far as weighing goes, that cannot be final. There must be a weighing when the grain arrives, but as far as the grade is concerned the certificate accompanies the shipment. I see the difficulty: there is not immediate contact between the terminal elevator and the ocean-going vessel?

MR. VAN ALLEN: Exactly, that is the point.

THE CHAIRMAN: That happens in a great many cases. We saw

it happen ourselves, and know it happens., Well there must be some way of providing for it.

Mr. VAN ALLEN : I will look into that further, but this matter was drawn to my attention by a Vancouver expert.

THE CHAIRMAN: Well, we think if you had evidence of this sort, you should bring your man here.

SIR CHARLES TUPPER: It only means this, that if these people cannot make use of this contrivance ---

A: Well, then we are the losers.

Mr. VAN ALLEN: Mr. Blatchford, I understood you to say this boat was acquired for your Company by Mr. Davidson.

A: Yes.

Q: And Mr. Davidson is now completing the reconstruction of the boat as a floating elevator. A: I don't know that you would call it a floating elevator. .. lighter, transfer boat.

SIR CHARLES TUPPER: It is Mr. Davidson or Mr. Davidson's company? A : Mr. Davidson's company, the Pacific Construction Company.

THE CHAIRMAN: He has to speak to somebody. He said he spoke to Mr. Davidson.

WITNESS: I understand Mr. Davidson is either the manager or the president of The Pacific Construction Co., who are elevator contractors.

Mr. VAN ALLEN: At any rate The Pacific Construction Co. is carrying out the work? A: Yes.

Q: And in whose name is the boat registered? A: It is in Mr. Davidson's name at the present time, and I suppose it will be until he is paid in full.

Q: Tell me this, what is the price your Company is paying for the boat? A: Do you mean completed?

Q: Yes, completed and delivered. A: It is on a cost plus basis.

Q: And will you give me an estimate of how much it will cost delivered to your Company including the purchase price and the contract price for the alterations? A: The latest account I have got is \$21,514.000 total. That is the cost.

Q: But there is a little more work to do on it? A: There is a little work to do yet, up to date. The accounts are I have received are \$21,514.⁴²00.

THE CHAIRMAN: Is that in addition to the original cost of buying the vessel? A: That is the whole thing plus ten per cent.

MR. VAN ALLEN: That is the whole account, including the purchase price of the boat, the cost of the alterations, and the contractor's fees? A: Yes.

SIR CHARLES TUPPER: You might ask what the bushel capacity of that is. A: Approximately one hundred thousand bushels.

Q: Equally divided between three holds, or approximately so? A. Three holds, yes.

Mr. VAN ALLEN:

Q: And how is that price to be satisfied, Mr. Blatchford?

A: How do you mean? Wh

Q: The price you are paying for it? At least, how is the account of The Pacific Construction Co. to be satisfied?

A: How does it stand now?

La

MR. VAN ALLEN: How is the account of the Pacific Construction Company to be satisfied? A: Cash. MR, I owe them \$11514.00.

Q. There is no arrangement, Mr. Blatchford, whereby the Pacific Construction Company or their principals will take stock in your Company for the work they are doing? A: No, no arrangement at all. I have the vouchers here and everything.

Q. Mr. Blatchford, tell me this: Have Mr. Davidson or Mr. Smith any interest in this company? A: Not a cent.

Q. In any way whatsoever? A: In any way, shape or form.

Q. Either directly or indirectly? A: Directly or indirectly.

Q. Or have any of their subsidiary companies any interest in your Company? A: Not in any way, shape or form.

Q. That is, of the Pacific Construction Company. A. Well, they have an interest in this boat.

Q. They have an interest to the extent of an unpaid bill for \$11,500.00 odd. You have paid them about \$10,000?

A: Yes.

THE CHAIRMAN: In the boat. Not in the elevator.

MR. VAN ALLEN: That is the only deal between you and them of any kind, manner or description? A: That is the only deal in any way, shape or form.

Q. When you came down and talked about taking this elevator over, did you meet up with Mr. Smith at all?

A. Well, I met him in the course of negotiations, I think some place around the hotel.

Q. Negotiations for what? For the boat or for the

elevator? ~~WALKER~~ MM A: Well no, the elevator deal was practically closed before I dealt with this at all.

Q. Before you met Mr. Smith? A: Oh no, I could not say that.

Q. Was that the first time you ever knew him?

A. Yes.

Q. When you came down here after the Edmonton elections to see whether anything could be done? A: Well no, I would not say that.

Q. Had you known him before? A: I was just trying to think. Yes, that would be the first time. I will tell you how I met Smith. It is a pretty good story, probably. Frank Walker and myself and Harry Gale were down to a Liberal meeting.

SIR CHARLES TUPPER: That's bad.

WITNESS: Went back to the hotel; and I think I was rooming on the same floor as Smith, -on the next floor; and somebody suggested that we go down and see Smith. I don't know what they were looking for, but when they went down there he was in bed.

Q. When was that?

A. I think it must have been last winter, because Walker was here last winter.

Q. It was before you entered into arrangements with the Harbor Commissioners for the elevator, was it?

A. I believe it was about that time. I was here four or five times.

Q. And were you and Frank Walker and Gale talking over this proposed arrangement you were going to make about the elevator? A. No: Gale was trying to tell me he was the best Mayor that ever went as far West,

Q. What I am trying to get at, Mr. Blatchford,

is, had your visit down to see Mr. Smith anything to do with what you had in mind in connection with the leasing of this elevator? A: Not a bit.

Q. Well, did you have any talk with him on that subject before you went up during the course of the time you were in communication with the Harbor Board?

MR. ARMOUR: Any man who knows Mr. Smith ought to go to jail.

MR. VAN ALLEN: Well, of course we want to find out everything.

A. Yes. I discussed it with quite a number of my friends.

Q. Including Smith? A: Yes. I don't doubt it. In fact I asked Smith what he thought about it; he was an elevator man; and he said it was a very nice little house. SIR CHARLES TUPPER. Did you talk politics to him?

A. No. He is a Conservative, I think.

MR. WOODS: He said it was a very nice little house? I am interested in what conversation he had about this.

A. Well, he said it was a good little building; it was not big enough for very big operations; but still---

Q. Did you tell him what kind of a deal you were making with the Harbor Board?

A. No, didn't discuss the deal with him.

Q. Or the amount of storage capacity you were going to put up? A: Well, that was common knowledge, that

Q. That they were going to spend \$450,000.00 on the building. Did he think it was a good business deal? A: Well, from his point of view he thought it was a good elevator to get hold of, too; a good little elevator, but too small for any big turnover.

Q. Did he make any proposition to you about going in with him on it? A: No.

Q. At any time? A: No.

Q: And at that time had you any knowledge as to where you were going to get your grain from? A: Oh yes. Not very hard to get grain. I happened to have four hundred agents in the Prairie Provinces. There is not a cross-road nor a district nor a town in the West that I can't know well enough to call somebody up by telephone and ask them for a favor.

Q: But had you any connection with any elevator company at that time? A: Just verbal. That is all I have got now.

Q: And you had at that time some elevator company in your mind? A: Yes, Mr. Woods. Wait till I tell you the reason why --

Q: We know for instance that a terminal has to have a line of elevators behind it. A: I told Mr. Van Allen I was interested in a couple of projects with regard to an elevator. In the one case I had gone out and sold stock, and I was quite enthusiastic when I consented to become a director. That is not much to say, perhaps, but I don't put my name on the dotted line unless I mean business. But in view of Mr. Howe's survey of the situation in this port I withdrew, and I think the whole thing blew up. And naturally I was keeping in touch with the grain situation. The only method of keeping the thing going, of course, would be the connection on the prairie.

Q: You understand what I want to get at is really the bonafides of this whole matter? A: Exactly; that is what I am trying to give you.

Q: Because there has been a lot said and a lot more hinted, and we want to get down to the bottom. You make an arrangement and apparently put up a bond, as far as I can see,

Did you put up a bond for \$25,000.00? A: The bond is selected. I can get it in twenty-four hours. I have not taken over the house. But I did pay the Harbor Board a deposit on the rent.

Q: And you have paid \$10,000.00 on the boat? A: Yes.

Q: And you must have spent some more money. I suppose you had about \$20,000.00, and there is \$10,000.00 want on the boat and a considerable amount has been already put up.

A: Yes.

SIR CHARLES TUPPER: He paid me.

MR. WOODS: What I want to get at is this: I do not want you to reveal your business secrets or anything of that kind, but had you connections on the prairie looking to plans for the opening of that elevator and getting grain through it?

A: Yes.

Q: With substantial people? A: I may just repeat that I have got a brother who is in the grain business, and naturally I keep in pretty close touch with him for advice re the supply of grain. He ships all kinds of grain to this port.

Q: He is not an elevator owner? A: No, he is just working for a company, a land line company.

Q: What line company is it do you know? A: Yes. The United Grain Growers.

Q: What I really want to get at is whether you had, at the time you made these arrangements, connections on the prairie entitling this company, consisting of yourself and Cornwell and others, all of whom you and I knew quite well ---

whether you were really grain men with connections. A: Well,

Mr. Woods, I think we can keep that elevator going without an elevator on the prairie at all, ^{just from track loading} because there is not a

small town in that country that the directors and myself ---

Q: Could not get track buyers to send? A: Yes, could not get the business.

Q: Did you have that really in mind? A: Well, we were contented to that extent.

Q: What you would really look for your support to track buyers to that extent? A: I could make a deal with a big elevator concern any minute.

Q: But you hadn't any deal really --- ? A: I haven't yet, but I have got some in view.

Q: You have some deals in view, but they are not at all either closed or - - -

THE CHAIRMAN: He told us this morning that he had an arrangement with an elevator company in Alberta to ship grain.

MR. FARRIS: He said he had no written agreement.

SIR CHARLES TUPPER: He had a tentative agreement.

THE CHAIRMAN: That is right, is it? A: Yes, that is correct.

MR. FLOODS:

Q: How do you mean, ship your grain? Sell your grain?

A: No, they are exporters, and they send their grain out to this elevator.

Q: That is to say they would simply store their grain in your elevator? A: They would route it through our house.

Q: Does your arrangement look to making any alliance with them? Are they taking stock in your company? A: No.

Q: Is it a real arrangement that is in any way closed? I don't want to dig in to your business, I don't want to know who the people are.

MR. FARRIS: Mr. Chairman, I wish to interpose at this stage.

The point I am taking is this, that while we are investigating these contracts we are going to the limit in the questions that are being put. I think we will never have another contract to investigate with the Harbor of Vancouver, because I do not believe any company would ever want to come into Vancouver to make a deal with the Harbor Commissioners if their innermost thoughts are to be gone into.

MR. WOODS: You do not represent this company.

MR. FARRIS: I appear for the Harbor Commissioners.

MR. WOODS: I think Sir Charles Tupper would be able and prepared to object if he thought it necessary.

THE CHAIRMAN: Your objections are of too general a nature. It may be that they are more of a comment than an objection. If Mr. Woods asks any question that is objectionable, Sir Charles Tupper will object.

MR. FARRIS: I am not taking that objection at all. My-Mine is on a general ground.

THE CHAIRMAN: It is a running comment on what is going on. It is not an objection.

MR. FARRIS: Well, possibly it is, but I want it noted.

MR. WOODS: Mr. Blatchford quite understands that I do not want to go into his private affairs. What I want to do is to get some idea for the Commission if I can to show there are real bona fides about it. He has told us the Company is self contained; they do not sell shares to the public; they have not in mind giving some of their shares to some line elevator company; they intend to do a track buyers business to a large extent; but he says they have a tentative arrangement with some elevator company on the prairies to ship their grain through the house. And have you any plans for its operation at all? A. Yes.

Q: I mean to say -- A: We are just waiting, but the Harbor Board fell down on their promise and the peakload of the crop is over now, and I am not anxious to get hold of that house because I will lose money on it till the next crop comes around. However, just the moment they are ready to transfer the house I will take it, win or lose.

Q: You have got a manager in view, have you? A: Yes, I have got ---

Q: A staff? Or have you gone as far as that? A: Well, we have under consideration an organization.

THE CHAIRMAN: If it should turn out in the event at the mixing business should be prohibited or for any reason you could not get a mixing license, would you still go on as a public terminal?

MR. WOODS: Have you considered that, Mr. Blatchford?

THE CHAIRMAN: He said this morning they were waiting to see the report of this commission before deciding about the mixing business, so they must have considered it.

MR. WOODS: It looks to putting up a storage capacity of how much? A: Five hundred thousand bushels in the storage sheds.

MR. WOODS: Well, have you given consideration to the question of how you would pay the operating expenses and insurance and rental --- A: Yes.

Q: On a five hundred thousand bushel storage elevator, without mixing? A: Well, yes. The contract covers all fixed charges up to as high as nine per cent. interest and sinking fund.

Q: But that does not cover insurance? A: I have got to carry insurance in favor of the Harbor Board.

Q: And you have to pay for the insurance? A. Yes.

Q: And the insurance will be fairly high? A: 3.80 for the wooden building and fifteen cents for the -----

Q: Well how much does it come to altogether? A: There is only the wooden building there now.

Q: But after the storage elevator is in operation? A: Oh, it comes to considerable

Q: What I am trying to get at is, how are you going to run the thing without mixing and make it even begin to carry itself? A: Well, it is a cleaning house.

SIR CHARLES TUPPER: The charge is that the payments are too advantageous to the Company.

Mrs. WOODS: I am not interested in that. I want to find out how it is going to run except as a mixing house.

SIR CHARLES TUPPER: Surely that is for us to find out.

MR. FARRIS: If there is anything to be gained - - It is just a question of time, for us. The charge is that the terms of the lease are too low. The bargain is to the disadvantage of the Harbor Commissioners, it is claimed.

THE WITNESS: I think they are too high, Mr. Chairman.

THE CHAIRMAN: Well if at any time mixing should be prohibited or for any cause a mixing license should not be granted here, this elevator with its limited capacity must be run as a public terminal. The objections to its being a paying proposition will always apply, whoever operates it. It is a self-evident proposition. Now what we are heretofore is because we are told that the Harbor Board has made this lease improvidently on low terms, that is to say that they are getting an undue advantage. So we had better, I think, confine ourselves to that

MR. WOODS: There is the question of whether it was bought for the purpose of being used for a mixing house.

THE CHAIRMAN: He has told us that.

WITNESS: Provided mixing is allowed.

SIR CHARLES TUPPER: Of course it reverts to the Harbor Board if he does not get a mixing license.

MR. WOODS: Of course there is no mixing license.

WITNESS: License for a mixing house.

MR. COMMISSIONER MACGIBBON: Just on that point: I suppose you were aware at the time you were negotiating that the whole question of mixing was up for consideration before the Commission?

WITNESS: Yes, I did (was), doctor.

Q. And therefore your expectation was that you could mix--? A: That we could operate even without mixing.

Q. You would do it if you could, and if you could not, you would go on as a public terminal? A: That is it.

MR. WOODS: And did you work it out at all in dollars and cents, what-your-actual-cost both ways? A: Yes. More profitable if you do a little mixing.

Q. And you did work it out in dollars, what your actual cost would be, and overhead, and what your estimated profits would be, did you?

A Yes.

Q. In both ways? A: Went into all the details. No business man would attempt to enter into a contract of that kind unless he knew what he was up against; and the people that I am associated with would not, even if I was foolish enough to do it myself.

MR. FARRIS: Mr. Chairman, I presume that the Price Waterhouse Report, being a public document, is no doubt before you. Certain extracts from that I think would be of assistance to this Commission in reference to this lease.

It would no doubt assist the Commission in arriving at a decision whether the terms of this lease are improvident or not. In the Price-Waterhouse report, as you are aware, they investigated the whole of the elevators and the cost of the various leases. I note one at Fort William, and I would draw your attention to the terms. It is leased from ~~the Grand Trunk Pacific~~ ^{the G.T.P. Railway} the Grand Trunk Pacific.

Q: TO Whom?

MR. FARRIS: The Grand Trunk Pacific Elevator Co.

THE CHAIRMAN: It is a public terminal or private? The principal terms are as follow:

MR. FARRIS: It is public.
these are the ones I refer to. The provisions of the lease relevant to this investigation are: (1) Time - ten years from August 1, 1910, with a provisional right of renewal for a further ten years. (2) Rental - 6% per annum upon the actual cost to the G.T.P. Railway Co. of the land used as a site, together with interest at rate of 6% per annum upon the actual cost to the lessors of the elevators, buildings, wharves, elevator tracks, etc., including as part of said rental interest at 6% per annum upon cost of all alterations or additions. (3) Walter D. Douglas and George W. Piper agree to incorporate

THE CHAIRMAN: That is six per cent. on everything? On the land, on the elevator, on the additions.

MR. FARRIS: There is another provision that it is to be subject to ordinary wear and tear. I think these are the principal parts affecting it. I want to draw to your attention the terms of this lease.

THE CHAIRMAN: Let us know the capacity of the house in question, please.

MR. FARRIS: Six and a half millions, I understand, the capacity

of the house. I presume there is a copy of that report before the Commission. I have not a copy of the Report here. I can give extracts from it. Rent is payable semi-annually, on February 1st and August 1st of each year. Lessees to pay all taxes, rates and assessments, and to provide for reasonable wear and tear, except damage by fire, and to leave premises in good repair. Now, under this lease of ours you will note a very important clause that they must keep the building in tenantable repair and replace all worn-out machinery or broken parts. I want to draw that to the attention of the Commission as a very important part of that lease as compared with the Grand Trunk Pacific lease.

SIR CHARLES TUPPER: A very stiff part.

WITNESS: It took a week to settle that.

SIR CHARLES TUPPER: It was not settled our way.

MR. VAN ALLEN: Might I see that, Mr. Farris?

MR. FARRIS: I tell you, I don't intend to let you see anything, Mr. Van Allen, except so far as I am ordered to by this Commission.

[The Grand Trunk Pacific Elevator Co. Limited, was incorporated under the Dominion Companies Act by letters patent, dated December 24th, 1908, for the purpose of leasing the terminal elevator of the G.T.C. Railway Co. and conducting the business of terminal elevator or warehouse. The authorized capital is \$1,000,000 divided into 10,000 shares of \$100 each. No stock was issued until August 31st, 1910, at which date \$300,000 was issued, \$50,000 being paid up in cash and the balance issued in equal amounts to the Atlas Elevator Co. Limited, the Security Elevator Co., Ltd., "in consideration of certain services rendered and covenants entered into by

them on behalf of this Company." The construction of the elevator was not completed until September 15, 1910, and the 1910-11 season was the first season operated. A contract was entered into on August 1st, 1908, between the G.T.P.

Elevator Co. Ltd., of the first part, and the Grand Trunk Pacific Railway Company. of the second part, Walter D. Douglas and George Piper, of the third part, and Security Elevator Co., of the fourth part. A further agreement was entered into in June, 1909, between the G.T.P. Terminal Elevator Co., Ltd., the Grand Trunk Pacific Railway Company, Atlas Elevator Co. Ltd., Security Elevator Co. Limited, and the G.T.P. Elevator Co., Ltd., stating that the Atlas Elevator Company has been incorporated in place of the Pacific Company and affirming substantially all the provisions of the contract of August 1st, 1908.)

MR. FARRIS: Now Mr. Blatchford, Mr. Woods and Mr. Van Allen asked you in reference to your negotiations. How long did your negotiations take with the Harbor Board in order to get this lease? A: Well, they took about two months. They took two weeks' hard work practically every day to get down to a basis whereby we could agree. -Did-you

Q: Did you have many meetings with the Harbor Board or with anybody else? You have mentioned my name in it. A: I had many meetings with the Harbor Commissioners and with yourself and with Sir. Charles Tupper.

Q: And were you able to get the terms that you and Sir Charles wanted in the lease? A: No. Sir Charles drew the first lease, but I think he threw it in the wastepaper basket.

Q: And then there was a new lease drawn by myself, was there not? A: Yes.

Q: And how were the terms of that? A: It was too stiff. We could not agree to them.

Q: I think the first terms were that you were to pay a year in advance, put up a hundred thousand dollar bond, and so on.

A: That was so.

Q: And after almost a week's scrapping between Sir Charles, myself and the Harbor Commissioners this lease was finally negotiated? A: Yes.

Q: Now in reference to the directors, you mentioned that Mr. Tobin is a farmer. Do you know if he has any particular interest in the grain business or grain buying? A: Mr. Tobin has handled thousands of bushels of grain, not actually through the elevator but by buying and selling and growing.

Q: He is a practical grain man? A: Yes.

Q: And these other members of the board are prominent

Q: Are there any people who hold any interests in your Company in Vancouver? A: No.

Q: Directly or indirectly? A: Directly or indirectly.

Q: Or in British Columbia? This is a purely Alberta Company?

A: That is an Alberta company.

Q: There has been no rent paid under the lease, has there? A: Yes sir.

Q: That rent has been paid? A: I think I gave them a cash deposit of \$2600.00, and the balance is ready for them the moment they say the word.

Q: That is a deposit on the first instalment of rent? A: Yes. I was prepared to give them a cheque and they said, "Well, when the deal is negotiated we will then expect the balance."

SIR CHARLES GUTHRIE: There are a very few questions I wish to ask, because the examination has been full, and I think on the whole very fair. I would like, however, to be at liberty to produce two letters addressed to Mr. Blatchford, one of them, and the other "To all whom it may concern", because of a statement that at the outset Mr. Blatchford appears to have made, and which was published, that Mr. A.C. Lutherford and Mr. F.A. Walker were associated with him in this enterprise; and under dated May 14th, 1924 Mr. A.C. Lutherford writes:

"This letter is written, to assure you that I regret that I was not able to accept any position as an officer in the British Oriental Elevator Company lately organised in Vancouver, and of which I believe you have been made President.

"At the time of our first conversation regarding the matter, I believe you were justified in taking it for granted that I would be willing to accept a position as

Director of the Company. I believe you were under the impression from our conversation that I would so act, and that your announcement of my name as a prospective Director was so made in good faith. I trust you have not been put to any inconvenience by the fact that I subsequently decided not to go into the enterprise at the present time.

- "You may make such use of this letter as you consider advisable or necessary."

The certificate from Mr. Walker is:-

"This is to certify and the fact is that when the matter of taking over or leasing the "Edward Elevator was first under consideration K.A. Blatchford, approached me, with the object of having me take stock and act as a Director of the proposed Company.

"At the time I was so approached I told Mr. K.A. Blatchford that I was prepared and willing to take some stock in the proposed Company and that if the other stockholders desired me to do so I was willing to act as a Director or Provisional Director.

"Subsequently to my so assuring Mr. Blatchford and owing to an unexpected change in my personal arrangements, I asked Mr. Blatchford to relieve me of my promise to act as a Director, which I very much regretted.

"At the time Mr. Blatchford announced my name as a proposed or Provisional Director he was fully authorized by me to do so.

"If I can complete pending personal matters and arrangements, I will still be willing and pleased to support the Company as a shareholder or Director or in any other capacity, as I have full confidence in the Company and in Mr. Blatchford and the other directors."

Q: Who is Mr. F. A. Walker? A: Mr. Walker is an ex-member of the Alberta Legislature, and one of the largest farmers in Northern Alberta.

Q: And who is Mr. Letherford? A: He is ex-Premier of the Province of Alberta.

Q: Well, outside of his political career? A: Well, he is one of Alberta's most outstanding figures.

Q: A business man? A: A business man. A barrister by profession, and very wealthy.

THE CHAIRMAN:ardon me, you mention Mr. Walker. I thought we were told this morning there was a Mr. Walker on the directorate.

SI. CHARLES TUPPER: No, my lord, he gave the names of the directors as Mr. Cornwell, Mr. Lassard, Mr. Tobin, Mr. Boileau, and himself.

WITNESS: In order to make this clear to the Chairman of the Commission: I submitted the names of a number of prominent people in Alberta, and I thought at that time, from the conversations I had with them, that they would act on the Board. Those two gentlemen happened to be among them, and when the story was released -- I didn't release it; I don't know where the newspaper men got their information --- they included those two men, which was a mistake.

SI. CHARLES TUPPER: Now Mr. Blatchford, one or two questions explaining, perhaps, the answers you have made in regard to your own standing. What experience have you yourself had in the grain business? A: Well, I have had a very wide experience in the loss of grain from damage.

Q: Yes, I think you have mentioned that, in connection with hail insurance. A: I was born on the farm, and I farmed

myself, and my father farmed for twenty years.

Q: Where do you carry on business? In what provinces?

A: In Saskatchewan and Alberta.

Q: What business is that? A: Hail insurance.

Q: So that you have a fair knowledge of both these provinces?

A: Yes, sir, I know every cross-road.

Q: What is your yearly turnover? A: Well, in liability about a million and a half.

Q: That is in the hail insurance business? A: Yes.

Q: You mean policies for that amount? A: Yes.

Q: That is the companies you represent? A: Yes.

Q: You can then calculate the rating he has. Have you a rating in Bradstreets or Dunns? A: No, I don't buy or sell anything, therefore I haven't given them a statement.

Q: I think you were asked this, but I did not catch your answer: Who is your proposed superintendent, when arrangements are completed for operating? A: Well, I have at least two men under consideration. I have not completed a deal with anyone in particular right up to the present moment.

Q: Well, as far as I can see these are the only questions I will put to you, unless something occurs to yourself.

Q. ARMOUR: These two gentlemen whom you have under consideration for the position of a superintendent are neither Mr. J.L. Davidson nor Mr. J. M. Smith? A: No sir.

Q. ARMOUR: Now a violent attempt has been made by either Mr. Van Allen or Mr. Woods - - -

Q. WOODS: I am not "attempting" anything. I ask whatever occurs to me as helpful to bring out the facts.

Q. ARMOUR: Exactly; but the way it struck me was that there was some attempt here to show that this company was really a

clock for Davidson & Smith, or Smith. Is there anything to that? A: No truth in that whatever.

Q: You are not a promoter? A: No.

SIR CHARLES TAPPAN. But incidentally he has met Mr. Smith. That is about what it amounts to. A: I am not ashamed of that. He is a good conversationalist. I think he knows something about grain too, and elevators.

M. A. HOLL:

Q: You are in this business as a bona fide proposition?

A: Yes.

Q: You are not ballooning this for the purpose of disposing of it to anybody? A: I am not selling stock or floating a company which we do not intend to operate.

Q: I take it that neither Mr. Davidson nor Mr. Smith nor Davidson & Smith nor the Pacific Construction Company had anything to do with your company, good, bad or indifferent?

A: No., nor anybody in the City of Vancouver.

Q: You have always been an advocate of this western route?

A: Well, I have spent quite a few thousand dollars and quite a bit of my time backing it up.

Q: Were you summoned to give evidence before the Commission?

A: I came of my own accord. I got a wire from Mr. Van Allen, and I thought prob bly there might be something suspicious or something left behind that would probably work against the Company when we were operating, and I wanted to clean it up.

Q: And that was your purpose in coming here, to lay the facts from your end of it before the Commission? A: I would not want the people of Vancouver to think I was coming here without the intention of doing business in a business-like way.

Q: You were not wild-cattin, in other words. A: No.

MR. PARSONS: Is Mr. Tobin, one of your directors, with you?

A: Yes sir.

Q: He is here for the purpose of attending the enquiry for the same reason that you are? A: Yes.

Q: And he has not been subpoenaed either? A: No.

SIR CHARLES TUPPER: I might ask whether my friends require Mr. Tobin. He is here, and it is not merely a bluff; he is ready to go in the box.

M. PARSONS: I may say Mr. Tobin spoke to me. He said his name had been mentioned in the press as being subpoenaed in this matter as a witness and he did not want any idea that he was not available as a witness if they wanted him. He did not want it thought either in Alberta or here that in some way there might be some scheme worked so that he was not called as a witness, so he asked me to bring this to the attention of the Commission.

M. WOODS: I am quite willing that Mr. Tobin should go in.

THE CHAIRMAN: Sir Charles Tupper is counsel for The British Oriental Grain Co., and if Sir Charles wishes to call him we will most certainly hear him.

M. TOBIN was not called.

MR. COMMISSIONER MACCIBBON: I was just looking at your lease. You are getting a house with a certain capacity. What is the workhouse capacity? A: 150,000.

Q: And the storage capacity? A: \$800,000.

Q: And you ^{required} require certain additional costs for lighterage?

A: Yes, at the present time we have got to do that in order to load boats.

Q: And is that a continuing phase of the lease? A: No, the lighter has nothing to do with the lease.

Q: No, but I mean will you incur that during the life of

A. I don't just get your question.

Q. I mean will you ~~explore~~ incur that additional cost in getting grain to the vessels? A: No. When the pier is built then we can berth boats and load like any other elevator.

THE CHAIRMAN: Give me the capacity again? A: 150 thousand bushels work house capacity and 500 thousand storage capacity.

MR. COMMISSIONER MACGIBBON: And when the whole thing is working you will be paying the Harbour Board about fifty thousand dollars a year? A: More than that. Including fire insurance, taxes, and Harbour charges, interest, trustees' fund, solicitors' fees and such like, it may be in the neighbourhood of \$75,000.00.

Q. Well you clearly will expect somewhere between 50 and 75 thousand dollars? A: Yes, 9% on 650 thousand dollars.

Q. And there is the payment of 12 thousand dollars?

A. Yes.

Q. Over that? A: Yes.

SIR CHARLES TUPPER: I regret to suggest that "Solicitors' fees" does not cover Bull and Tupper. That is for the solicitors for the Harbour Board? A: Yes that is quite true.

THE CHAIRMAN: What is the payment for? A: Revenue from the pier.

MR. WOODS: That is to say if they pay Harbour fees to the extent of 12 thousand dollars they get that credited on their rent, as I understand it? A: Yes, but we have to make it up to them.

SIR CHARLES TUPPER: That is the minimum? A: It has got to reach that. It is for the purpose of insuring that the

lessee will create a revenue of not less than \$12,000.00 from the shipping facilities. That is that amount of \$12,000 has been included in the rental, and it is understood and agreed that as against that rental so to be paid the lessee shall be credited with all amounts paid to the lessor by way of the cargo or other Harbour rates up to and not exceeding the amount of \$12,000 per annum.

Q. So you get the credit up to that amount or up to such portion of that amount as you pay in harbour rates? A: Yes.

Q. On your rental? A: Yes.

Q. And that comes to \$54,000.00 we will say. 9% on \$550.00? A: \$550.00.

Q. Well it is a little over 54, between 54 and 55 thousand actually. A: fifty eight thousand five hundred.

Q. Which would be paid either in rental or in cargo rates. Then there is 3.8% a thousand on your insurance, and there are your taxes, and have you figured it all out? A: Yes I have got it all down here.

Q. Does it come to seventy-five thousand dollars? A: I don't really know what the building is really going to cost.

Q. How much do you charge for superintendence? A: We give the Harbour Board 1% for supervision.

Q. What do you reckon your overhead? You told one of the Commissioners that you reckon it to be about \$75,000 annually. What I can't exactly get through my head is how on a storage proposition with a capacity of six hundred thousand bushels storage capacity and a hundred and fifty thousand work capacity---

THE CHAIRMAN: It is five hundred thousand storage capacity.

MR. WOODS: It would seem that anywhere from five to seven millions of bushels a year through that size of a house would be a very big turnover, and there is 1¢ a bushel---just 1¢ a bushel on five million bushels is fifty thousand dollars, and there is your revenue? A: That house will handle grain almost as fast as No. 1 when it come to loading .

SIR CHARLES TUPPER: Again I suggest that this is the very opposite of the charge; that instead of this being inprovident the Harbour Commissioners from their point of view have made a pretty good thing.

MR. WOODS: That is a consideration that occured to me. I thought perhaps if you could tell me? A: There is certain fixed charges, interest and sinking fund and fire insurance and the harbour wages, solicitors' charges, registration, trustees' fund, insurance.

Q. I am speaking of the annual charge? A: Registration of the bonds, taxes, switching charges for cars, all these things are charged up against the Company.

MR. FARRIS: As I say, we are still quite satisfied as far as the Harbour Board is concerned with the lease we got?

A. You should be. I am doubtful if I am. In fact if I find somebody looking for a sub-lease I might consider it.

MR. FARRIS: (Referring to the return of members of the grain section of the Merchants Exchange); The Jury have returned.

MR. LUCAS: Mr. Chairman, we had a very largely attended meeting of the experts, the Grain Exchange section of the

Merchants Exchange, at which this matter was thoroughly gone into. As I stated at the beginning of the week, the ships are commencing to crowd up. The actual figures at present are: there are two ships now ready for loading, and ~~four~~ four more that are completing fitting in port, with a capacity of 26 thousand tons, over one million one hundred and twenty thousand bushels; and there are six more ships due before June 6th with a capacity of 38 thousand 500 tons, or 1,295,000 bushels. I while we reiterate the position we expressed before, that if a weighup could be had without disrupting the trade or interfering with present commitments we would not be opposed to it, under the present circumstances the following resolution has been passed---

THE CHAIRMAN: Is this a resolution of the Merchants Exchange?

MR. LUCAS: The resolution of the exporters, the grain exchange division and the deep sea section. That is the section which has already presented a resolution here. It is a joint meeting of the three groups of members of the Exchange :

"That in view of the existing conditions of the trade as to its commitments for shipment etc., and in as much as it appears from Mr. White's statement this morning that the weighup will involve a tieup of the shipments through^{out} the elevator for a full period of six days, excepting only shipments out of cleaned grain on hand ^{on-} and such/cleaned grain as might be cleaned during the said period, and in as much as it appears that the stipulations named by us cannot be expected to be fulfilled,

~~-1556-~~
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Mr. Blatchford
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the trade is opposed to a weighup at the present time." That is the position.

THE CHAIRMAN: Well then, such being the case, and in view of the other representations made to us, and all considered, in view of the fact that there is to be the annual official weighup in any event in two months, and Mr. White has told us that as far as the purposes of the Commission are concerned they can be met quite as well away up in July as they would be by a weighup at present, which would only be a matter of delay to us in getting certain figures verified, we think we will not have the weighup now; we think it is far better not to take the chance of having embargoes put on Alberta's grain and other inconveniences imposed on exporters. So, Mr. White, you can go back again. We are very much obliged to you.

MR. WOODS: I would think probably the Board of Grain Commissioners has ordered a weighup in deference to this body. If they have, Mr. Robinson will communicate with his colleagues and tell them your decision, and ask them to withdraw their order.

THE CHAIRMAN: Yes.

COL. KINKPATRICK, recalled

THE CHAIRMAN: Is this still on the lease?

MR. WOODS: On the Blatchford matter I understand.

MR. VAN ALLEN: I had not intended to examine this witness on this sir. I wanted to examine Mr. Beattie, but I understand he is not here today.

THE CHAIRMAN: Well we can examine him another time if you like, you know, Mr. Van Allen.

MR. VAN ALLEN: In order to complete this elevator,

Col. Kirkpatrick, I understand it is the intention of the port to issue---

THE CHAIRMAN: You are not examining on the lease? It is the circumstances of the construction of the Woodward Elevator.

MR. VAN ALLEN: It is involved in that, yes sir. In order to complete this elevator your Board will float a bond issue? A: That is right.

Q. Has that issue been disposed of? A: No not as yet.

Q. Has the period of tenders---

THE CHAIRMAN: Pardon me. You seem to start right at the completion of the elevator. Well, I thought we were going to have all the causes of the original construction. I don't know what you mean by "the completion." What we are examining in other words is the circumstances of the construction of the Woodward Elevator, that is No. 3, and the the contract with the lessee. How why do you start with the amount required to complete?

MR. VAN ALLEN: Well, I understood from the evidence yesterday, I think from Col. Kirkpatrick, that the Board had engaged Mr. Cooke to complete the work house itself, and it has been done, the work house is about finished, or finished, I don't know just which, and then the Board is to go on and build the tanks, the storage capacity.

THE CHAIRMAN: You are taking for granted that we know all about the Woodward Elevator, who built it and how it came to be the property of the Harbour Commissioners.

Now as a matter of fact we don't. Oh well, we have a general notion, but the point is, here is this elevator. Apparently it is now the property of the Harbour Commission.

That is right is it?

M. VAN ALLEN: All right I will go over that. As I understand it, Col. Kirkpatrick, the elevator in question was originally started by Woodward & Company Limited.

A. I am not sure of the name of the firm. Yes, by Mr. Woodward.

Q. And they had purchased the site, as I understand from private parties? A: I believe that is correct.

Q. And they proceeded to build an elevator? A: Yes,

Q. Adapted particularly to the needs of a private elevator?

A. Apparently.

THE CHAIRMAN: That is a private mixing house?

MR. VAN ALLEN: A mixing house, yes. And as I understand by the work house neared completion, for some reason or other the Woodward Company did not proceed with the elevator?

A. Yes. The work came to a stop.

Q. And negotiations then were carried on with a view to the acquisition of the property, both land and buildings, by the Harbour Board? A: No that is not---

Q. Well tell us the facts? A: Well it is correct in a way. Negotiations were opened up with the Harbour Board whereby we would purchase the property and build---

Q. Opened up by whom? A: Between the Harbour Board and Mr. Woodward, the basis of which was that we would purchase the property and build a pier and do the necessary dredging, the total cost of which was estimated at about \$225,000.00, and Mr Woodward would build the elevator at his own expense, and the property, the land and pier, would be leased to Mr. Woodward. That is all embodied in an order in Council.

THE CHAIRMAN: We might have that order in Council produced.

M. VAN ALLEN: This is a copy of a minute of a meeting of the Privy Council, approved on September 22nd 1923. It is as follows:-

"The Committee of the Privy Council have had before them a report, dated 18th September, 1923, from the Minister of Marine and Fisheries, stating that he has had under consideration, the following proposals submitted by the Corporation of Vancouver Harbour Commissioners, Vancouver, B. C.

1. The Harbour Commissioners propose to purchase from Woodward and Company, Limited, a property known and described as the Easterly 150 feet of the Vernon Estate; the price to be the same as that paid by Woodward & Company, Limited, for the property, - i.e. \$94,000. plus an amount to be allowed for accrued interest and taxes, which amount is to be agreed upon as fair and just.

2. The Harbour Commissioners will construct a pier or wharf on this property and do the necessary dredging to allow vessels to berth there, and an inclusive approximate cost of \$125,000.

3. The Harbour Commissioners will then lease the property to Woodward & Company for a period of twenty-one (21) years with provision for two renewals for two like periods.

4. Woodward and Company, Limited, will build on the property a modern grain elevator at a cost of not less than \$285,000. with a workhouse capacity of 150 to 160 thousand bushels, equipped with the latest type of machinery capable of an elevator of 280,000 bushels per ten hour day, and, under its lease, will be required to maintain the pier or wharf and the elevator in first class condition to the satisfaction of the Harbour Commissioners.

5. Under the proposed form of lease, Woodward and Company, Limited, will pay annually, in advance, to the Harbour Commissioners, a rental equal to 5% of the amount expended by the Harbour Commissioners in the purchase and improvement of the property; and, in addition to such rent, the Company will also pay to the Commission, in equal annual amounts, for a Sinking Fund a sufficient percentage on the Commissioners' investment to liquidate the amount of the investment in twenty-one years (21) from the date of lease.

6. Cargo rates paid by the Company on grain shipped over the pier or wharf will be credited, annually to the Company to the amount of the proportion of rental payable on the cost of wharf and dredging.

7. The Company will pay all insurance premiums for adequate protection of the property and will also pay all taxes which may be properly chargeable against the property.

8. The Harbour Commissioners' investment will be secured by the property (including all erections and improvements thereon) and provisions is to be made whereby the Commissioners may take over the property at any time on fair terms. In case of default by the Company, all improvements made by them are to become the Harbour Commissioners' without compensation.

9. The proposed elevator is to be operated as a public terminal elevator, subject to the approval of the Harbour Commissioners with regard to operation and tariffs.

The Minister recommends, - as he is fully convinced that the proposition, as submitted by the Vancouver Harbour Commissioners, and the proposed, agreement with Woodward and Company, Limited, is one which will work out to great advantage for the good, not only of Vancouver Harbour but of the whole Western Canada, that the Vancouver Harbour Commissioners be authorized to enter into an agreement with Woodward and Company, Limited, - such as outlined above - and that the Minister of Marine and Fisheries be authorized to advance to the Vancouver Harbour Commissioners out of appropriations which have already been made by Parliament, such sums of money, not exceeding \$225,000, as may be necessary to carry the agreement into effect.

The Committee concur in the foregoing recommendation and submit the same for approval."

(Sgd.) E.J. LEMAIRE

Clerk of the Privy Council.

OTTAWA, Canada,
Copied 25/9/23 3FB

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MR. VAN ALLEN: Now, was that arrangement carried out Col. Kirkpatrick? A: No it was not. Mr. Woodward was apparently unable to complete the elevator, and unless the elevator was completed we refused to go through with the arrangement.

Q. You refused to go ahead with the expenditure required, of \$225,000.00? A: That is correct.

Q. For the reason that the Company did not carry out its part? A: Quite right.

Q. And then what happened? What was the next step?

A. It stood idle for some time until various Elevator Companies, elevator men, came down and had a look at it. I remember James Richardson & Sons, and then the Alberta Pacific Company and finally the United Grain Growers, and there may have been others. But those I remember; and the United Grain Growers represented (I were represented by) Mr. Murray at several interviews with us, and finally--

THE CHAIRMAN: Pardon me I don't quite understand. The order in Council provided that the Harbour Commissioners proposed to purchase from Woodward & Company. I understood that fell through. You are speaking now as if you owned it when the order in Council elapsed? A: Oh no we didn't go ahead on that at all.

Q. Well then why did the United Grain Growers and other people come to see you about it? A: They came to us for the purpose of taking over in the first place, of working under that order in Council and taking over the Woodward lease.

THE CHAIRMAN: Getting Woodward's rights and then negotiating with you.

MR. WOODS: Woodward owned the ground did he not?

A. Woodward had purchased the ground.

MR. WOODS: I know up to that date Woodward owned the ground? A: Yes, until we purchased from him.

Q. Up to the date we are talking about? A: Yes, of those negotiations.

Q. He owned the whole outfit?

MR. VAN ALLEN: The object of Richardson & Sons and the Alberta Pacific Company, and the United Grain Growers was to have themselves put in a position where you would acquire the property under this order in Council and lease it to them?

A. Yes, their proposal was to put themselves in Woodward's place.

MR. FARRIS: They were going to take Woodward's interest and deal with us in the same way as Woodward was dealing?

MR. VAN ALLEN: You say, Col. Kirkpatrick, you received calls from the Richardson Company and the Alberta Pacific Company. Were there any prolonged negotiations with them? A: As I recollect it, they just called on us to know if we would be willing that Woodward should assign to them .

Q. Yes. Well then for some reason or another they did not go ahead. Then I understand that the negotiations with the United Grain Growers were more or less pretracted? A: Yes. We finally arrived at a working arrangement with the United Grain Growers. And they had an examination -I don't know whether it was Mr. Howe or not, they had some one look at the property, and for their own reasons they decided not to go ahead.

Q. So that these negotiations fell off? A: Yes. We had a tentative arrangement. An arrangement was reached which would have worked out

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would have worked out if they were satisfied with the property? for some reason or other they turned it down.

Q. It depended on their being satisfied with the property?

A. Yes.

Q. But in all those cases these parties, as I understand it, in taking over this arrangement you had made with Mr. Woodward, would have to operate the elevator as a public elevator? A: If they took that arrangement over it would be essential.

Q. And was not that the reason they refused to go on with it, that they would have to operate a small house as a public elevator? A: I could not say as to that. I don't know what their reasons were. The United Grain Growers mentioned that point, and their final proposal was to operate it as a private house.

Q. And what was the answer of the Board to that proposal to operate it as a private house, in view of the order-in-Council? A: Oh they could not operate under the Order-in-Council. United Grain Growers finally refused to accept the Order-in-Council.

Q. The United Grain Growers refused to take over this arrangement with Woodward & Company that Woodward and Company had made with you, for the reason they would have to operate it as a public elevator? That is right Colonel is it not? A: I imagine that was one of their reasons.

Q. That is they could not do a mixing business? A: Yes. they did not want to operate a public house.

THE CHAIRMAN: But the Colonel said they got as far as to make a working arrangement under the Order-in-Council?

A. No not under the Order-in-Council.

Q. What was it under? A: I have really forgotten how

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it was, but it was to forget this Order-in-Council altogether ~~together~~ and start out on a new arrangement.

Q. What was the new arrangement? A: Well really I would scarcely care to speak definitely. I am not very clear. Nothing came of it. I think we were to build a pier.

Q. Well then did the new arrangement provide for them operating this house as a private elevator if they wished to? A: Yes, they were then going to buy the property and build a house and operate it themselves.

Q. As a mixing house? A: Yes, my recollection is they were going to assist them to the extent of building a pier.

Q. Why did they withdraw from that arrangement? A: I only know the roomer. I heard that they decided the house was too small, but that is only a roomer, I am not sure.

Q. Now did the other two applicants, the Richardson Company, and the Alberta Pacific, decline to have anything to do with it on account of the fact that they would have to operate it as a public elevator? A: Not to me. I don't know what their final arrangements were.

Q. Now did you have any negotiations with Mr. Coles?

A. No.

Q. Did the Board have any negotiations? A: Not when I was present, ^{not} that I know of.

Q. Do you know of any negotiations carried on by Mr. Coles

A. No.

Q. Or any one that he represented? A: Well, unless he represented any of those Companies that I have mentioned. I don't think so.

THE CHAIRMAN: Not to your recollection? A: Not to my recollection.

MR. VAN ALLEN: I notice in clause (1) of the Lease a provision as to rentals. "The lessee covenants that he will pay to the lessor--"

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COLL KIRKPATRICK.

THE CHAIRMAN: Wait a minute. The Order-in-Council fell through, and therefore the Harbour Board does not own the elevator yet. This is an attempt at something that failed.

MR. VAN ALLEN: All right. No arrangement was made with the United Grain Growers. Now what happened then? The A: The next thing that happened was that we commenced to get worried over the situation of this elevator lying idle. And up to the time of the U.G.G. negotiations my idea, and I think I may say the idea of the Board, was that if we were forced to take it over we would take it over and operate it ourselves. But immediately after the negotiations with the United Grain Growers----

THE CHAIRMAN: Pardon me a second. We are rather in the dark here. You say that you were forced". What do you mean by that?

A: I mean to say, here was an unfinished elevator---

Q. But belonging to somebody else. A: But that was having great difficulty in financing. He was hawking it all over the place; it was not doing the Board any good; and there were facilities that were badly needed, and everybody was trying to find some way out in which these facilities could be made use of; and nothing was being done. As a result, we instructed Metcalf & Sons to report to us whether this elevator; that is, immediately after our negotiations with the United Grain Growers. And the report was to the effect that, while well-suited for private operation, it was not adapted for operation as a public terminal elevator.

Q. What was the date of that report, Col. Kirkpatrick? A: Well I should say November some time.

Q? What was the date of that report?

A: November 24th.

The witness temporarily retired from the stand.

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The following report, above referred to was then read by the Secretary:

JOHN S. METCALF CO. LIMITED,
Vancouver, B. C.

November 24th 1923.

Messrs. The Vancouver Harbour Commissioners,
Vancouver, B. C.

Dear Sirs:-

RE WOODWARD ELEVATOR.

After acknowledging November 16th your early instructions, I was unable, due to the misunderstanding, to gain entrance to the Woodward Elevator when I visited it that day, and finally went over the house in detail on the 19th.

STRUCTURE:

Briefly described, the elevator consists of a timber house with concrete foundations on piles, the main dimensions being 45' X 56' X 180'. It contains 48 bins of approximately 7' x 7' x 70', averaging each 2,600 bushels holding capacity, giving in round figures 125,000 bushels maximum holding for the whole house.

The concrete basement is of open design, and with good light; the ground floor of ample height for spouting grain. Bin walls are built of 4" cribbing for the whole height, which is on the light side according to our design standards, but is stated to have proved satisfactory for similar small 7' x 7' bins in houses from which this was copied. In the cupola, timber construction is used for the scales, as well as the garners above and cleaner garners.

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An enclosed stair, with space left for passenger elevator, is built at the N. E. corner of the house, to be cut off at entrances to elevator by fire doors.

The track shed alongside the working house is served by two tracks unloading to 2 pits on each track. The shed is built with concrete foundations and 4 concrete track hoppers of approximately 1200 bushels capacity each. Structure above rail is of timber, with stacking room provided above.

Wall covering throughout is corrugated iron, and roofing is tar, felt and gravel.

Construction in general is excellent, of its type; completed cost, with equipment described below, is stated to be contracted for at approximately \$140,000. or \$1.20 per bushel.

EQUIPMENT:

There are two main legs in the house, which must act as combined receiving and shipping legs, with 84" x 32" head pulleys and a double row of 14" x 7½" buckets; capacity each 12,000 bushels per hour.

There are two twin stands of cleaner legs (making 4 cleaner legs) with 72" x 14" head pulleys and 10" x 6" buckets, - 2,500 bushels capacity per each leg of the twins.

There is one screening leg, with 54" head pulley, 6" x 5" buckets, sufficient to elevate the screenings from the cleaning machines installed. All legs run from the basement of the house to the top floor. All legs have C.I. boots with wooden casings and heads.

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Four No. 9 Monitors are installed on the ground floor, of average cleaning capacity 1,000 bushels per hour each. These are so placed that practically two-thirds of the house can report to them, making a flexible arrangement for a cleaning house.

In the cupola the cleaner legs report to 6 garnerers built for holding grain until sufficient quantity has accrued to ensure a steady run on the single belt conveyor designed to run to the storage house. Three other garnerers are installed in the cupola which will probably in a large part serve two Carter Disc machines (not yet placed) for cleaning grain, and one Carter Disc machine for seed treating.

Each main leg delivers to a 2,000 bushel garner placed above Fairbanks scales, with wooden hoppers of about 1800 bushels capacity, or one car capacity. (Extra drawings of scale hopper details not available.)

Below the scales are two Mayo spouts, 14" - 16" diameter, for distributing received grain, and six 12" telescopic spouts for handling cleaned grain.

In the track shed, two pairs of standard type car-shovel machines are designed to unload cars at the 4 pits. A 2 drum gear operated car puller is installed in the basement to handle 400 ft. on 7/8 cable.

Grain will be delivered from the track pits by 2-36" (15,000 bushels per hour) conveyers leading direct to the receiving shipping legs. One basement transfer conveyor, 36" is provided, so that receipts from all four pits may be concentrated to the Northern most receiving leg, leaving, under these conditions the southern leg free for shipping.

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The storage addition, on which work has not yet been started, is planned to be served by a single 36" belt conveyer, to which the two Mages and the 6 telescopes will spout; grain is to be withdrawn from the storage by a 36" belt conveyer which will deliver to either or both of the receiving-shipping legs.

Shipping on to boats is planned to be provided by a 36" (15,000 bushels per hour) belt conveyer, which can draw grain from about approximately one-fifth of the working house bins and which will be carried in a belt gallery to be built on extension of the present trestle system.

ADDITIONS PLANNED:

The storage house is planned to be built of 18 concrete tanks 19" interior diameter x 88' high, the foundation being concrete carried on piles, and the super-structure being built of structural steel with corrugated iron covering. These bins are laid out 35' from the house, to be joined by a tunnel below and a bridge above, thus complying with fire underwriters' rules with regard to reduction of fire hazard alongside wooden working houses. Spouted capacity of these storage bins figures ^{at} 405,000 bushels capacity, (capacity shovelled full, which is not probable, 425,000 bushels.)

Cost contracted for is stated to be \$115,000.00 or .20¢/ per bushel.

Estimate for timber gallery system for loading to boats is not on a definite basis, as there is some question as to whether a high gallery will be finally planned, or whether a low gallery with a moveable loading leg will be used.

Price is estimated to be somewhere between
\$37,000.00 and \$40,000.00.

In general, the house is of well balanced design for the purpose intended, i. e. a private house, to serve a half million strage capacity or less and to ship out by one ~~more~~ conveyer belt, the site provides excellent trackage facilities, which is a consideration of value as yardroom is becoming congested on the south shore. Workhouse and track shed structures in general are completed, but only 20% of the equipment is installed in place.

Your instructions request us to report on construction, life, and capacity as a shipping house, as well as the general features; also consideration of insurance, and the serviceability of the house as a public elevator.

General construction details as applied to the work of a private house, for which it was designed, have been indicated above.

LIFE:

The life of a well built timber elevator should extend to obsolescence as a machine, except for the possibility of destruction by fire. The 1,500,000 bushels timber elevator built by us on the Manchester Ship Canal in 1897 is still in operation.

CAPACITY OF THE PLANT AS DESIGNED:

With 4 track pits, and utilising the transfer conveyers in the basement of the working house to concentrate on unloading at the northern receiving-shipping leg, this plant will easily unload 50 cars per 10 hour day as claimed, while at the same time shipping is proceeding. The cleaners, by working double shifts, should clean the average

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run of grain day by day as it is received. Shipping capacity restricted to one 12,000 bushels leg while grain is being received would not quite reach, for one conveyor belt, the average which is obtainable at harbour Commissioners Vancouver Elevator Co. Ltd. Since the working house holding capacity is largely required for cleaning and shipping operations, and with only 400,000 bushels stowed capacity in the designed storage bins, there is little margin above the possible maximum demand which a couple of successive ship loadings may make. Any forecast of reasonable operating capacity must be entirely dependant upon the possible arrangement which can be made for freight charters. A couple of million bushels per month could be received, provided ship charters fit into keep wheat passing practically continuously through the elevator, but this is improbable. During days when receipts are coming in at the average maximum it is doubtful if an average of more than 60,000 bushels shipped out could be maintained. It should be said that mechanically the house could turn over a million and a half bushels per month, but whether this rate were obtained would depend very largely on chartering arrangements, and is doubtful.

INSURANCE:

That fire destruction possibility is great, is indicated by the insurance rate, which the B. C. Underwriters state to be about \$1.50 per \$100 for the Woodward type elevator, as compared to .25; to .30¢ per \$100 for the modern concrete type.

It may be allowed to use timber in the construction of a private elevator, to keep down the first cost, and where

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quick returns may be anticipated to offset the high cost of insurance cover and the risk of less operation facilities. On the other hand, such installation is not suitable or desirable for the public house. It should be stressed and although insurance may be carried to cover the major part of a possible loss by fire (and such losses are very many times total) the fire would result in the additional loss for a season of the use of storage and shipping facilities. As far as general practice is concerned, timber elevators are obsolete for public elevator installations, for this reason alone.

PUBLIC HOUSE OPERATION:

While the design of the house is balanced for private operation of the size intended, there are features which would be undesirable if this were to be run entirely as a public house, in which case there should ~~necessarily~~ undoubtedly be increased storage capacity built on this site. The present working house, operated as a public house, would not satisfactorily handle more than the planned storage capacity. The fact that the two main legs are designed to act as either receiving or shipping legs, means that full capacity of receiving and shipping cannot be carried on simultaneously. 36" belts of 15,000 bushels capacity are planned to withdraw grain from the storage bins and ship to boats, but the capacity of either of the legs to which delivery is made is 12,000 bushels an hour on our standard rating. If grain is being received and cleaned by one leg, while shipping is going on, the maximum capacity of shipping is ~~therefore~~ therefore confined to one leg of 12,000 bushels. The house is too small

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to depend on any great amount of storage in shipping bins which could be run out at the full capacity of the conveyors. The full capacity of a shipping out belt is never realized continuously when loading at ocean terminals, but the longer such belt does deliver to its full capacity, the higher will be the average per hour for the total loading operations.

If it were considered desirable to utilize this house wholly as a public elevator, we would suggest that at least one elevator leg of 16,000 bushels capacity devoted entirely to shipping grain should be installed, with a garner and scale to serve it exclusively. This would require extension of the present working house to the north by about one-half its present size, and this addition could profitably be made to include an extension of the track shed, giving six unloading pits instead of 4 as at present. Cost of this extension would approximately \$75,000 on the basis of the cost already incurred. Construction of course would have to be of timber as in the present house.

This addition of a third leg to work on shipping exclusively would give operating capacity to handle more than the storage bins now planned, say up to 1,000,000 bushels capacity. To make the house of really rapid capacity in shipping out would require the installation of a second shipping leg, so that 2 belt conveyors might be operated in the loading out jett. This would require further alteration of the lay-out in the storage annex to permit two belt conveyors below the bins.

To obtain fast working at a terminal public house, track hoppers should be of carload capacity, so that complete unloading of one car can be made and the car moved on, before

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it is necessary to withdraw grain from the track-pit. The 1200 bushel hoppers at the Woodward Elevator would hamper operations in this respect, since many cars now contain 2000 bushels.

In addition to the fire hazard, when considering the serviceability of a public house, there is a further undesirable feature in the fact that scale weights are rarely as accurate in a wooden type of house as in a concrete terminal. With the light bin construction of this house there will be "swaying" of the cupola under different conditions of loading, and this added to the timber support throughout, gives uncertainty as to scale adjustment and accuracy of the weights as issued. (It should be understood that the cupola of this house is carried on posts extending through the bins, which are not affected by the settlement of the cribbing under ~~load~~ load; but in spite of this there will be movement as described.)

Conclusion:

The Woodward Elevator site has excellent trackage facilities, which strongly recommend it; in our opinion the plant is suitable for a profitable private house, but not for profitable use as a public house. Except at considerable cost there could not be obtained any great increase in shipping facilities. The same or similar investments made in providing additional concrete storage behind the rapid handling facilities which are under way for both elevators No. 1 and 2 would, in the present state of affairs make a much better return in service to the port as a whole and also in cost of operation."

Yours truly,
JOHN S. MORTGAGE CO. LTD.,

Vice-President.

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The proceedings at this stage stood adjourned until the following morning.

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SATURDAY MAY 31ST 1924.

MORNING SESSION.

MR. CLARK: Mr. Commissioner, without making any extended remarks, my position here has been, I think, quite clearly understood; and it is just possible that I will not be able to as regular an attendant in the future as I have been since I came. I do not know that I can do anything in calling witnesses except to give opinions, and I believe your opinion is just as good as anybody else's in regard to the charges, whether they are true or false. Having been given the courtesy of attending here, I do not want to vacate my seat, if I have to, without expressing my appreciation of the Commission, and congratulating you, in spite of the recriminations adopted between some of the lawyers, in that I have never heard any reflection on the judgment or decision of the Commission since I came here. I might also say courteously that this Commission will probably also be discussed elsewhere in the not distant future, and you can always be sure, as far as I am personally concerned, that I not only will not do it myself but will also take quite a lot of pains to prevent

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anyone casting any reflection on the way in which you have conducted the business.

THE CHAIRMAN: Well we are sorry to lose you Mr. Clark. All right.

~~Col. Kirkpatrick:~~

COLONEL KIRKPATRICK.

EXAMINATION RESUMED BY MR. VANCE ALLEN:

Q. The last matter last night sir was the reading of this report? A: Yes.

Q. Will you proceed with your narrative, Col. Kirkpatrick, as to how the elevator in question was acquired by your Board? A: Well the report was rendered November 24th.

Q. And then this report recommended a private license.

THE CHAIRMAN: In that report the engineers said they did not think it should be run as a public elevator, and they suggested certain arrangements which might be made in the way of alterations and additions to the existing elevator. That is where we were at.

THE WITNESS: That report had the effect of making us quite determined that the elevator would be of no use to us to run ourselves. Then the matter dragged on, and

Mr. Woodward apparently endeavored to interest other-- or it was the general impression at any rate that he was endeavoring to interest outside capital, and with no result, and finally he went to England. In the meantime the elevator was standing unfinished, and these facilities were available for us in the part some time--I am not quite clear on the date, but it was some time probably early in January that I first saw Mr. Blatchford, and so far as I am concerned and so far as the Board as a Board is concerned at any rate

he is the first man who came to us with a definite proposal which would permit this elevator to be used.

MR. WOODS: Can you fix the date of that any closer, Colonel? Mr. Blatchford said it was the latter part of December?

MR. VAN ALLEN: Right after the elections? A: Do you remember when Mr. Mothersill came down?

Q. In January? A: Well that was the first time I saw Mr. Blatchford. I met him when Mr. Mothersill was here. That will help to fix it. I think it was after that, shortly after that that he commenced negotiations. That would help you, I think, to fix when Mr. Blatchford came to us.

Q. Just a moment Colonel. You have not acquired the elevator yet? A: Yes. We are not so much concerned with the negotiations with Blatchford--

MR. FARLIS: I might explain that at the time the lease was given, the lease was given conditional upon the title being acquired. At that time negotiations were being carried on with Woodward through Mr. MacDonald and with Blatchford concurrently? A: That is correct. When the lease was actually agreed upon it was agreed upon subject to title being acquired.

THE CHAIRMAN: Yes; well let us not confuse though. I think we had better run through the title, leaving Blatchford and his Company aside for the moment, to see what steps occurred leading up to the acquisition of the elevator by the Harbour Commission, and then you can go back to talk about the contract with Blatchford.

WITNESS: We entered into negotiations with Mr. Woodward's agent, Mr. Woodward being out of the country. We entered

into negotiations with his agent here with a view to the purchase and acquisition of what was known as the Woodward Elevator.

MR. VAN ALLEN: When were these negotiations started?

A. Oh I should think early in February. I think I left for the East on the 13th of February or very close to that date anyway, and I think that we arrived at a working agreement just prior to that date. Mr. MacDonald would remember.

Q. I find here Col. Kirkpatrick, in the minutes of January 25th a minute as follows: "Letters were received from Tupper Bull & Tupper, for Mr. Blatchford, with regard to the Woodward Elevator, the Secretary being instructed to write Mr. Blatchford---". A: Yes, these were the negotiations with Mr. Blatchford. You see these negotiations had to be carried to a satisfactory conclusion before we opened negotiations with Mr. Woodward. Now just what the date was I don't know, but it would be shortly after that I don't doubt.

MR. FARRIS: As a matter of fact, the negotiations with Woodward were for a year on and off.

WITNESS: But I mean these final--

MR. VAN ALLEN: Go ahead. A: We arrived at a satisfactory conclusion with Mr. Woodward's agent, that involved dealing to Mr. Woodward, and as a result, then I left for Ottawa immediately after. The details of what followed I am not in a position to give you, because I was not here, but generally speaking the purchase of that property was financed through the bank.

THE CHAIRMAN: Pardon me, Colonel. I assume whatever arrangements you made with Woodward were finally incorporated

in the Order-in-Council. Is that right? A: Yes, there was an Order-in-Council. Do you know what the date of that Order-in-Council is? We got an Order-in-Council authorizing us to issue \$650,000.00 worth of bonds for the purchase of the property.

THE CHAIRMAN: We have one Order-in-Council which is dated September 22nd, 1923, and which lapsed, apparently. Now then you have others, you have one or more others after that?

WITNESS: Yes. I am not sure of the date, but that date would be during the negotiations with Mr. Blatchford, and it was necessary for us to have that before we could complete the purchase with Mr. Woodward.

Q. You were negotiating with Mr. Blatchford subject to your getting Order-in-Council putting you in a proper position? A: Yes, and then following the Order-in-Council we had still to complete negotiations with Woodward. The date of that is somewhere within these--probably in January.

MR. VAN ALLEN: That is been produced. Mr. Farris is sending for it, I understand. At any rate you did purchase the property from the Woodward Company? A: Yes.

Q. At what price? A: The property itself?

Q. Yes. A: Well approximately \$1200,000.00. The property was purchased at the actual purchase price plus accrued interest.

Q. That is to say, the actual purchase price of the land and the building? A: Yes.

Q. I understood, Col. Kirkpatrick, that \$120,000.00 was the purchased price.

MR. FARRIS: That is correct.

WITNESS: The details are available.

MR. VAN ALLEN: \$120,000.00.

THE CHAIRMAN: That is what the Harbour Board paid to Woodward? A: Yes, sir. We took as our basis the U. G. G. option.

MR. VAN ALLEN: That included the site and the building and any other works that had been done up to date? A: No that did not include the building. That would be the site--

THE CHAIRMAN: These things must be in writing? A: It is all in writing.

THE CHAIRMAN: Well are not the documents here. There must be an Order-in-Council and a written agreement with Woodward, and there may be other documents.

MR. VAN ALLEN: It is in the shape of correspondence.

THE CHAIRMAN: It may be correspondence.

MR. FARRIS: There was an option taken from Woodward to the U. G. G., and it was a long option, very carefully considered and gone into, and the Harbour Board, by a series of correspondence, took it on the basis of the U. G. G. Option, referring to that option in the correspondence, subject to certain things that they would not pay and a reduction of \$5,000.00 in the price.

THE CHAIRMAN: That is, they pay \$5,000.00 less than the U. G. G. option provided for?

WITNESS: Yes. That is the only difference between them.

Q. You are talking now of the building and site as well. Are you talking of the site and the buildings and everything?

MR. FARRIS: Woodward's equity in the site, they bought and took over all the indebtedness, and for the amount that he had paid, the actual amount

Woodward had paid for it, paid him \$120,000.00 for the amount he paid on account of the purchase price and for other expenditures.

THE CHAIRMAN: We will have to get all this, because the reason we are going into this thing is because we are investigating this charge that the elevator was acquired at a great cost and subsequently it was released on low terms, referring, I suppose to what was paid for it; and that secondly the lessees intend to run a mixing business. These are the only things we are investigating, so we will have to get all these details, what was paid for it, how the Board acquired it, and so on.

MR. VAN ALLEN: Now, Cel. Kirkpatrick, among other things when you acquired this property did you acquire the rights of the Woodward Company in its contract with the Dominion Construction Co.? A: Why yes, we took over the whole thing. In the option with The United Grain Growers there was a schedule which set out the various contracts and amounts of completed and uncompleted portions and so forth, and this was all taken over, the difference being that we paid, I think, \$3000. less than The United Grain Growers.

Q: Yes, but I am just asking you one question. As I understand it, The Dominion Construction Company at that time had a contract with the Woodward Co. and were building a house.

A: Yes.

Q: And that in your deal with the Woodward Company you acquired the rights of The Woodward Company in that contract. That is what I am asking you. A: I believe that is right.

Q: There were certain liabilities, then, attached to that?

A: Well, it was a cost-plus contract. I mean to say it

did not have the---- I wasn't say definitely.

MR. VAN ALLEN: It was not a close-plus contract. I have the contract here.

MR. FARRIS: We were not compelled to go on with it and did not go on with it.

MR. VAN ALLEN: You see where I am at? A: At this particular time I went away. Now the specific details I am not familiar with.

Q: Well, do the best you can, according to your recollection.

MR. WOODS: You see Mr. Beattie is not here. We can't get him today.

MR. VAN ALLEN: At any rate you say that the Board did acquire the rights of the Woodward Company in The Dominion Construction Co. contract? A: Yes.

Q: Did the Board proceed with the construction of the house under that contract? If not what was done? A: No I don't think we did. We went ahead and did it ourselves.

Q: And when was that action taken? This spring? A: It was taken - - - I can't give you the date --- it was taken some time in February.

Q: As soon as you acquired the property, or had practically acquired it? A: Yes.

Q: And was The Dominion Construction Co. willing to go on with their contract? A: I could not tell you. I don't know. I wasn't here..

MR. FARRIS: I think they were anxious to, Mr. Van Allen.

MR. VAN ALLEN: Well, that will do.

THE CHAIRMAN: The contract was taken over by the Harbor Board. Was it?

MR. FARRIS: Yes. The position was we took over any contracts that were outstanding with the right that if we did not want

to proceed with any contract we did not have to.

Q: The elevator was then in course of construction, and the Harbor Board acquired the rights of The Woodward Co. in that contract, and the question I am asking is, was The Dominion Construction Co. willing to go on and finish the construction of the elevator for the Harbor Board? My learned friend Mr. Farris says they were anxious to .

THE CHAIRMAN: Well, did they as a matter of fact?

Farris:

M. VAN-ALLEN: No. The evidence of Col. Kirkpatrick is that as soon as they acquire the property the Dominion Construction Company dropped out of the matter and did not do any more work, the work being completed by the Harbor Board itself.

THE CHAIRMAN: They only took over the contract just nominally.

MR. FARRIS: And there were certain liabilities: The Dominion Construction Company had about \$28,000.00 -- we assumed and paid the liabilities. There were somewhere around \$200,000. of liabilities that Woodward owed, and we took over and assumed all of those liabilities and paid the creditors of Woodward for the work they had actually done.

THE CHAIRMAN: "They" being The Dominion Construction Company?

MR. FARRIS: "They" being The Dominion Construction Company; and if we desired we had the privilege of continuing any of the contracts Woodward had, and we also had the privilege of discontinuing.

THE CHAIRMAN: In other words you took over the Woodward contracts and settled with the creditors up to date, and they dropped out, and you completed the building through somebody else.

MR. PARLIS: Ourselves.

MR. VAN ALLEN: They did it themselves.

THE CHAIRMAN: How did they do it themselves?

MR. PARLIS: It is all set out in the documents.

THE CHAIRMAN: I am surprised those are not here.

MR. PARLIS: We were not asked for them.

THE CHAIRMAN: You can hardly investigate things where there are documents of this sort without having them here. You say they finished the elevator themselves. What does that mean?

MR. VAN ALLEN. The Harbor Board is doing the work there itself? A: Yes.

Q: Now who is in charge? A: E. W. Cook.

Q: That is J. W. Cook, the Chief Engineer of The Pacific Construction CO.? A: Yes.

Q: And have you a contract of any kind with him, Col. Kirkpatrick? A: No contract. He is just employed at a retainer.

Q: At a weekly salary of what? A: \$150.00 a week.

Q: And how long has Mr. Cook been engaged on that job?

A: Again I cannot figure the date.

: He is still at it? A: He is still at it.

Q: You can't tell me how long he has been at it? A: I think from the commencement of operations - - - I could not give you it exactly, but making a guess, I would say some time in February.

Q: From some time in February to the present time? A: I think so.

Q: At \$150.00 a week? And who supplies the machinery and equipment and tools and all that sort of thing necessary to

do work of this kind? The Harbour Board? A: I believe they do, but frankly, I am not familiar with the details.

M. . WOODS: Would not Mr. Cook be able to give us that?

M.. VAN ALLEN: Yes, we will have to get that from Mr.Cook.

After this report of November 24th 1923, when your consulting engineers recommended that this house be leased as a private terminal, did your Board notify the previous applicants you have had, ^{had} of that change in policy? You told me yesterday for example that you had received applications, or negotiations had started anyway, with the Richardson Company, the Albert Pacific, and the United Grain Growers?

A: You must have misunderstood me. I did not say we had entered into negotiations when talking of Richardsons and the Alberta Pacific; they merely called on us to know whether we would be willing that they should step in. There were no negotiations ever had.

Q. But at that time I understood you to say yesterday this first Order-in-Council was in effect whereby you could only lease the elevator as a public ~~terminal~~ elevator:

A. Yes.

Q. And as soon as they found out they could only get the elevator as a public elevator they were not interested?

A. I have no evidence to that effect.

Q. That is your understanding? A: Quite possibly you are correct.

Q. At any rate you did tell me yesterday that the United Grain Growers were not interested either at first, when it was only possible to get it as a public elevator? A: Yes that is correct.

Q. Now the point I am getting at is this. When your

engineers made this report and recommended that this house be not leased as a public elevator, but as a private elevator, did your Board notify--- A: I don't know; that does not recommend that we lease it as a private elevator; it says it is only suitable for operations as a private.

Q. Very well. After you got that report, did you notify in any way these three firms which had approached you on this subject in the fall? A: No, certainly not. We just simply let the matter stand. We got this information for our own use.

Q. Now when you got this report advising you as to the use of this house as a private elevator, did you seek to obtain permission of the Governor-in-Council to rent it as a private elevator? A: After we got this report?

Q. Yes. A: No.

Q. Then what does the Order-in-Council cover?

MR. FARRIS: It covers permitting the Harbour Board to acquire the property and issued \$650,000.00 worth of bonds.

MR. VAN ALLEN: It does not say anything about authority to lease the property as a private elevator.

MR. FARRIS: No.

MR. VAN ALLEN: Is there any authority, Mr. Farris, changing the original Order-in-Council?

MR. FARRIS: No.

MR. VAN ALLEN: Well then I would like to know how the Board leases this elevator as a private elevator.

THE CHAIRMAN: We will have to have the document here. It is no use trying to fish to find out what ~~the~~ documents contain when they are here and are the best evidence. That first

Order-in-Council did say it was to be leased as a public elevator. We don't know whether there is an Order-in-Council changing it or not. We will have to have the documents.
BY MR. WOODS:

Q. It was early in January when you personally saw Mr. Blatchford? A: Yes sir.

Q. Mr. Blatchford states that he got in touch with the Harbort Board in the latter part of December. Then that must have been with Mr. Beattie or some other member of the Harbort Board, not you? A: To my recollection the first time I saw Mr. Blatchford was when Mr. Mothersill came down.

Q. The report from the Medcalf Company is dated November 24th, and that was made immediately after the calling off of the U. S. G. negotiations? A: Oh no, it was not made immediately after the calling off. I forget when they were called off. They did not interview us when they were called off. Oh, this was made immediately after we had negotiations with Mr. Murray.

Q. That is this report? A: Yes.

Q. So that on November 24th you still had the United Grain Growers as possible applicants for this property? A: Well no--yes, that is true. We did not, but Mr. Woodward did.

Q. I mean in connection with getting this property from Woodward and turning it over to some other interest, these negotiations were still going on on November 24th, and---

MR. CLARKE: Mr. Woods, permit me for a moment. I am solicitor for Mr. Blatchford on several other matters, and I am not authorized to appear for him here, but I am just submitting now, that if this impeachment of the right of the

lease is to be gone into, Mr. Blatchford and Sir Charles Tupper should be notified. I believe Sir Charles Tupper considered he was finished. I believe, Mr. Commissioner that the evidence as to the right Mr. Blatchford or his Company had to make this lease should have been gone into when the solicitor who represented him in getting this lease was present, and who is familiar with the situation. I can see now that the extended notes will probably, or might be if anyone felt so inclined, used to impeach the whole lease, which is quite clear from Mr. Van Allen's couple of questions. Now I do not think that is proper, with no representative of the Company here. I am just making this protest as Mr. Blatchford's solicitor in other matters.

THE CHAIRMAN: I do not get the drift of the objection. In the first place, I thought Sir Charles Tupper would be here.

Mr. WOODS: May I explain that? I saw Sir Charles Tupper putting his papers away in his bag, and I said to him, "Are you not going to stay on?" Mr. Van Allen was in the ~~next~~ course of examining the Colonel on the same subject, and I said, "because Mr. Van Allen has a number of other witnesses on this thing", and I understood Sir Charles to say to me, no, his retainer was through; he was only here ^{Blatchford's} and retained during Mr. ~~Blatchford's~~ examination.

Mr. FARRIS: Well you excused Mr. Blatchford/ and told him to go home and I suppose Sir Charles Tupper went home for the same reason.

THE CHAIRMAN: There is no compulsion on him to stay, but

we do not know what is going to transpire during the rest of the enquiry. However we may have wandered from the point, but the point is that under these charges this lease to the British Oriental Company is being scrutinised with a view to seeing two things: in the first place, are its terms too low? Is it being leased at too low terms to this Company? And in the second place, as to its providing for the house being operated as a mixing elevator instead of a public elevator; and there we are ascertain of course whether such a thing is lawful, which would depend on the power of the Harbour Board to make lease of that nature, and whether ~~it was~~ even if it is lawful, mixing should be allowed in this elevator. It is only a general objection to it which is raised.

MR. VAN ALLEN: The question that was inserted in the list of questions at the end of my statement is as follows:

A "The circumstances of the construction of the Woodward elevator and the contract between the Vancouver Harbour Commissioners and the lessees of the said elevator."

THE CHAIRMAN: Exactly, but you proceed that by recitals which must give us an idea of what the scope is. You attack this because, as you say, having acquired it at great cost, they have leased it at low terms to a Company. Secondly, you say they have authorised this Company to carry on a mixing business, which you object to. Now these are the two things which we are investigating. These are the two things, and nothing else.

MR. VAN ALLEN: That is all the information we had at the time regarding this lease.

THE CHAIRMAN: Do you mean to say you want to raise something else?

MR. VAN ALLEN: This information--

THE CHAIRMAN: What information?

MR. VAN ALLEN: The information ^{resited} ~~revised~~ by me in the statement was the only information we had at the time, and therefore the question as stated in the list of questions was made very general.

THE CHAIRMAN: Not very general. It is very particular.

MR. FARRIS: Surely, Mr. Van Allen does not mean to tell us that he gave this statement to the Commission without consideration of what he was giving them.

THE CHAIRMAN: They are on page five. Just read them yourself. Are you trying to explain this and to investigate something else?

MR. VAN ALLEN: I am trying to explain the reason for the wording of the question asked to be investigated. I said there: "The circumstances of the construction of the Woodward Elevator and the contract between the Vancouver Harbour Commissioners and the lessees of the said Elevator". Now that time I gave the Commission all the information I then had on the subject, because the lease was only a few days old, and I said "here are the facts as reported to me",

THE CHAIRMAN: And the facts were that the terms were too low and that this lease was authorizing mixing in Vancouver, which you thought was a bad practice.

MR. VAN ALLEN: Those are the two things I mentioned then.

THE CHAIRMAN: Well, what other things do you want to add

to that?

MR. VAN ALLEN: I am asking to add nothing to what I put in the question, and what I put in the question was, the circumstances of the construction of the elevator and also the circumstances of the contract. That is what I have asked for sir.

MR. FARMER: Which are bound by the statements made before.

THE CHAIRMAN: As long as you do not travel outside the limitations I have laid down you can go on and give evidence. But the contract is objectional it is said, because the terms are too low; it is an improvident contract; and the second thing is because it authorizes the mixing of grain. Now go ahead on that.

MR. VAN ALLEN: Well, Mr. Chairman, I confess that I did not intend at any time to be circumscribed to those two features alone.

THE CHAIRMAN: Well what did you intend? You see you asked for an investigation; you give us reasons why there should be one. The Government passes on it and the Government asks us strictly to investigate this and nothing else. What is the use of saying you have something else in your mind or you had something else at the beginning of March, when you filed this document? You have had ever since that time to investigate what you think proper. Well, you can't start something else on the 31st of May, when the investigation is, I hope, near its completion.

MR. VAN ALLEN: The point is at that time I only mentioned two things; that was enough, I thought, to ask that the circumstances be investigated.

THE CHAIRMAN: We are considering whether this lease is an improvident lease and whether it authorizes mixing, and if it does, whether the lease should be allowed to be gone on with. What else do you want to investigate?

M. V. ALLEN: I think we are getting from this witness and one or two other witnesses who are being called all the evidence we want. I think this is dealing directly with the matter mentioned in my general statement.

THE CHAIRMAN: All right go ahead. I have no objection to that.

MR. WOODS: I just want to get this approximately fixed so we will know it was within that month that Mr. Blatchford ~~might~~ started in negotiating, at the end of December, somewhere the latter part of December, and it was within a month of that that the U. G. G. was in negotiation. Is that correct?

M. FABRIS: I don't know what my learned friend is getting at.

MR. WOODS: I just want to get the dates fixed.

MR. FABRIS: Well, I thought when we brought in that lease-- quite frankly, Mr. Chairman,-- you would not want any more documents. What do you want to know?

M. WOODS: I want to get when the U. G. G. Negotiations were going on and the time that elapsed between that and when Mr. Blatchford took the matter up. The matter was standing, and I wanted to see how long it was standing. Can you tell us that Colonel? A: That report is dated 24th of November, and probably the negotiations with the U. G. G. were just prior to that. I would not care to

say the exact date, but just prior to that.

MR. FARRIS: They tell me the U. G. G. threw it up about the middle of December.

MR. MACDONALD: On the 16th of December. That also is fixed by documents. It is in writing but I think the option is held by the U. G. G. or its solicitor.

MR. WOODS: It could not be very long then till some member of the Harbour Board got in touch with Mr. Blatchford or he with them.

A: Let me say the first week in January. That would be reasonably correct.

Q. ~~MR. BLATCHFORD~~ Mr. Blatchford said he met you in December.

A. I don't remember meeting him in December. It does not stick in my memory.

MR. WOODS: The only thing I can see is to get the Order-in-Council to find out what you asked for, and the liability that was taken over.

MR. FARRIS: I have sent for the documents and they should be here in the next two or three minutes. I do not know whether criticism is directed to myself for not producing these particular documents, but I took it that the question was wholly a question of an improvident lease. I felt that when this lease was produced to this Court Mr. Van Allen would at once get up and say that now he had seen the lease he realized that he was mistaken and apologise for making the suggestion and that would be an end of it. When Mr. Beattie was giving his evidence Col. Kirkpatrick, he suggested that you were looking after the cargo rates, he looking after the elevator, and Mr. Prenter after something else. As I understand what was meant by that was

that he was devoting his special attention to that and you your special attention to other matters, but all of these matters came before the Board for final decision?

A. Oh yes.

Q. Now in regard to this Woodward lease, for months there were various negotiations, and you were trying to get something done to get that elevator started. The Board was anxious it should not remain there idle? A: Yes.

MR. VAN ALLEN: Regarding the first question my learned friend asked, Col.Kirkpatrick, did all the Commissioners give their full time to the work? A: We are not supposed to but the work has been very heavy the last year or so. Practically amounts to a full time job for all of us.

Q. It amounts to a full time job for all of you?

A. That is what it amounts to.

MR. FARIS: But not so paid.

MR. C. D. HOWE, recalled

MR. VAN ALLEN: Mr. Howe, you made an examination of this elevator? A: Yes sir.

MR. CLARKE: Mr. Commissioner, will you pardon me again. Mr. Howe, as I understand it, is here in the nature of an expert for your Commission. He is also the architect for the Grain Board of Canada, and he is now called, I presume, to give impartial evidence in a matter in which Mr. Blatchford is interested in connection with this elevator. Is it fair to draw the attention of the Commission of the fact that Mr. Howe, has, since this Commission was appointed for this purpose, entered an action against Mr. Blatchford on a

kindred or similar matter to a very large extent in which the controversy is entirely personal between the two of them? I think that would disqualify him from giving adverse evidence to Mr. Blatchford's Company at this time the same as he disqualified himself from criticizing a fellow architect yesterday afternoon.

THE CHAIRMAN: Well, if Council for Mr. Blatchford desires to shake the credibility of Mr. Howe's evidence before us on the ground that he is not being impartial, that he is biased, he can be asked these questions in cross examination that is the only thing you can do.

MR. CLARKE: Can you not see my position? I am solicitor for Mr. Blatchford in a suit between him and Mr. Howe, but not here.

MR. VAN ALLEN: I just want to ask this witness a question Mr. Chairman.

THE CHAIRMAN: What is it?

MR. VAN ALLEN: If he had examined the house and the layout of the house.

CHAIRMAN: All right.

MR. VAN ALLEN: Will you please answer that Mr. Howe?

WITNESS: Yes sir. I made an examination of the elevator and I reported to my client that it was a very well built elevator of its class; that, as far as construction goes, it was entirely as represented by the plans that were submitted to them.

THE CHAIRMAN: "A very well built elevator of its class" What do you mean by that? A: Well, as mentioned in the Metcalf report, it is a class of elevator that is built for a comparatively short life. It is a light timber 2x4

cribbing.

MR. VAN ALLEN: It is a wooden elevator? A: It is a wooden elevator.

Q. That is what you mean by "class"? A: Yes.

THE CHAIRMAN: They referred to one that lasted from 1897 down to today in their report.

MR. VAN ALLEN: Yes, in England.

THE CHAIRMAN: Yes, these are more substantially built houses, I think it would be fair to point out. What is the lifetime of this house? A: In bonding it I would not recommend any Bonding Company to Bond it for more than ten years. It has a diminishing usefulness. An elevator that have been up nineteen years had entirely gone with a dry rot. Its usefulness had been diminishing very fast in the five or six years before that.

Q. Probably the lifetime of this elevator is ten years more? A: Oh, probably useful after that, but the usefulness is considerably diminished. Very heavy repairs.

Q. It will soon deteriorate after that? A: Yes, it will have reached a period of deterioration where its usefulness would be, one might say at an end.

Q. Like an automobile I suppose? A: Yes.

MR. VAN ALLEN: In other words after the first ten years it would depreciate very rapidly? A: Yes.

Q. And you ~~not~~ would not recommend that a house like that should be bonded for more than ten years? A: Not to the Bond Company, no.

MR. FARRIS: Would you say this Mr. Howe, that the Harbours

Col.Kirkpatrick

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Board were not improvident then when they required that the lessees of those premises should keep them in tenantable during the whole term of the lease? A: How long is the lease?

Q. Twenty-one years. A: I think they would have a pretty nearly new elevator when they get through.

Q. You think the Harbour Board made a pretty good deal on that? A: Yes.

The following document was then read by the Secretary:-

"Certified copy of a Meeting of the Committee of the Privy Council, approved by His Excellency the Governor General on the 30th of January, 1924.

The Committee of the Privy Council have had before them a Report, date 24th of January, 1924, from the Minister of Marine and Fisheries, stating that by Order-in-Council (P.C.1914) of the 22nd September, 1923, the Vancouver Harbour Commissioners were authorized to enter into an agreement with the firm of Woodward and Company, Limited, which agreement contemplated the construction of a grain elevator on a site purchased by the latter in Vancouver harbour and the construction by the Harbour Commissioners of the necessary pier and other marine facilities for shipping grain in connection with the said elevator, and an advance on loan of \$225,000 was authorized to be made by the Government to the said Harbour Commissioners for carrying out their part of the proposed agreement. Subsequently, however, Messrs. Woodward and Company were unable to finance

to its completion the building of the elevator and work was stopped with the completion of a working house but without the provision of any storage accommodation.

The movement of grain through the port of Vancouver has increased to such an extent that the facilities now available for its handling are taxed beyond their capacity, and before the new facilities, under construction by the Commissioners, can be made available, it is feared that such congestion will result as will lead to an embargo being laid on grain shipments to Vancouver unless additional ~~for~~ facilities can be provided within a reasonably short time.

The Commissioners are urging, as a consequence, that they be authorized to complete the so-called Woodward elevator scheme at an estimated cost of \$650,000.00 - this to include the equipment of the existing working house and the provision of storage capacity for 500,000 bushels, and they allege that they can make the working house available to handle our local shipments in thirty days and to complete the entire facilities including the storage house and necessary shipping facilities in four months; and commercial bodies of Vancouver are, also, urging the necessity of having this scheme carried to completion.

There being no balance available for appropriation for this work out of the moneys authorized by Parliament for advance to the Commissioners for construction of harbour improvements, the Commissioners have applied for approval of an issue, under the provisions of section 26 of their Act of incorporation, of \$650,000 of their debentures,- the proceeds

to be used for financing the completion of the so-called Woodward elevator and the necessary grain shipping facilities connected therewith.

The Deputy Minister recommends that, in view of the representations made by the Commissioners and having regard to the volume of business in the shipment of grain that has been developed at Vancouver and the serious conditions that are likely to arise unless further facilities are provided for handling this business as soon as possible, the application of the Commissioners to issue debentures to the amount of \$650,000 be approved.

The Minister, therefore, recommends that the Order-in-Council (P.C.1914 above referred to, be cancelled, and that approval be given of the proposed issue of debentures by the Vancouver Harbour Commissioners for the amount of \$650,000; said approval being granted in order to enable them to proceed with the least possible delay to carry out to its full completion the so-called Woodward elevator scheme, by acquisition of the site and as much of the elevator building as is now constructed, and the completion of that structure in accordance with the plans and specification of Woodward and Company's engineers for the construction of the elevator; and the dredging and construction of the necessary pier and facilities in accordance with the plans and specifications prepared by the Commissioners' engineers;- (all of which are on file in the engineering records of the Department of Marine and Fisheries under the index number H.C.V-20-23); the rate at which the said debentures are to be sold, to be submitted to and approved by the Minister of Marine and Fisheries before any contract for their underwriting or

sale is completed,

The Committee concur in the foregoing recommendation and submit the same for approval.

(Sgd.) R.J. Lemaire,

Clerk of the Privy Council.

OTTAWA, Canada:

THE CHAIRMAN: Have you the Harbour Board's Act? You might just read section 26?

MR. PARSONS: "26. For the purpose of acquiring land and purchasing, constructing, extending and improving wharfs, dry docks, elevators, ~~raft~~ warehouses, railways, bridges and other accommodations and structures in the harbour, in such a manner as the Corporation deems best calculated to facilitate trade and increase the convenience and utility of the harbour, and for the purpose of repaying the principal of money theretofore borrowed the Corporation may, with the approval of the Governor in Council, borrow money at such rates of interest as it finds expedient and may, for the said purpose, issue debentures for sums not less than one hundred dollars or twenty pounds sterling, payable in not more than forty years, which debentures may be secured upon the property vested in or controlled by the Corporation. Such debentures may be sold at such rates and on such terms as the Corporation deems advisable."

That is under the head of "Borrowing Powers", Mr. Chairman. In the General Powers it states:

"12. The Corporation may acquire, expropriate, hold, sell, lease and otherwise dispose of such real estate or personal property as it deems necessary or desirable for the development, improvement, maintenance and protection of the Harbour, or for the management, development and control of the property vested in the Corporation, and may acquire, hold, possess and build such movable property, vessels, plant and machinery as it deems necessary for the efficient discharge of the duties devolved upon it by this Act, and may dispose thereof, and may take out registers for such vessels."

And then section 14 reads as follows:-

"14. All lands and interest in lands within the limites of the harbour, and heretofore vested in His Majesty in the right of Canada, shall, by virtue of this Act, be vested in and held by the Corporation for the purpose of this Act---" I think that has been amended, that particular section. I think you will find that was changed the following year. It has been re-vested in the Crown again.

MR. WOODS: That has been re-vested. That section 14 has been repealed, and the Crown lands and interest in the lands within the limits of the harbour as therein described are re-vested in the Crown. Now these lands and interest in the lands are the ones that were heretofore vested in His Majesty in the right of Canada. I don't know whether that has anything to do with this or not.

THE CHAIRMAN: It appears that under this last Order-in-Council, which expressly cancels the first one, no conditions were attached to the ownership, as in the case of

the first one.

MR. FARRIS: It became our property to do as we liked with, and we issued bonds the same as any other Corporation issues bonds on their own property.

THE CHAIRMAN: There is no objection then from that point of view to leasing this as a mixing elevator, as far as I can see.

MR. FARRIS: Not at all.

THE CHAIRMAN: As far as this Order-in-Council goes. It expressly cancels the previous Order-in-Council and then it says "that approval be given of the proposed issue of debentures by the Vancouver Harbour Commissioners for the amount of \$650,000; said approval being granted in order to enable them to proceed with the least possible delay to carry out to its full completion the so-called Woodward elevator scheme, by acquisition of the site and as much of the elevator building as is now constructed, and the completion of that structure in accordance with the plans and specifications of Woodward and Company's engineers for the construction of the elevator; and the dredging and construction of the necessary pier and facilities in accordance with the plans and specifications prepared by the Commissioners' engineers;- and so on". They simply take over Woodward's ownership and, Woodward had designed it apparently for a mixing elevator, Then was there anything unnecessary to be done subsequently to authorize the lease

MR. FARRIS: No there is nothing required. We can lease without referring to anybody, once we acquire the title to it.

MR. VAN ALLEN: Was that bond issue of \$650,000, Col. Kirkpatrick intended to cover the cost of the property you

the property you took over from Woodward and the cost of finishing the elevator, and for the whole thing.

THE CHAIRMAN: Now as a matter of fact, then, what is your position today? Have you over-expended, or are you going to be able to complete everything for this \$650,000.00? A: We hope so. It is too early to say. I would not want to quote you figures, but I don't suppose there has been much over \$200,000.00. I would say less than \$300,000.00.

THE CHAIRMAN: On that point, Mr. Van Allen, if you wish to enquire to see whether or not over-expenditure is probable you can go on and do so. I don't mean necessarily from Col. Kirkpatrick.

MR. VAN ALLEN: Well, Col. Kirkpatrick apparently is not in close touch with this work, and it is very difficult to get anything.

THE CHAIRMAN: The Engineers might have an idea.

WITNESS: I might explain that this work was commenced after I left, and when I got back the work was completed and it was in operation, that is the work in the workhouse, so I am not familiar with what happened in the meantime.

MR. WOODS: That authorizes the acquisition of the title, and then I suppose the title was acquired, and the land is in the name of the Commission now, registered in the name of - - A: You would have to get that from the solicitor.

MR. MACDONALD: That is correct, Mr. Wood. I made a conveyance to the Harbor Commission.

THE CHAIRMAN: There is a conveyance now and the land is registered now in the name of Harbor Commission. Is that correct?

MR. MACDONALD: That is correct, Mr. Commissioner. The absolute fee is in the corporation.

MR. WOODS: There is no other land in the name of the Harbor Commissioners, is there?

MR. FARRIS: Well now, Mr. Woods is getting into something that I prefer not to go into to at the present time, because there is a question of taxation, and other matters.

MR. WOODS: I do not want to go into that.

MR. FARRIS: Mr. McCrossan is here, and we do not want to get into any discussion there.

MR. WOODS: Then there was an agreement for a lease, and I understand my friend Mr. Farris says that does not require the authorization of the Governor-in-Council.

MR. FARRIS: Yes.

MR. WOODS: Then that must be under Section 12, I presume.

THE CHAIRMAN: Giving them power to lease the property.

MR. WOODS: I will read the section:

"The Corporation may acquire, expropriate, hold, sell, lease and otherwise dispose of such real estate or personal property as it deems necessary or desirable for the development, improvement, maintenance and protection of the harbour, or for the management, development and control of the property"

that is Section 12.

MR. VAN ALLEN: Can you say whether or not it is anticipated by your Board that the full amount of the bond issue will be consumed in completing the elevator? A: That was our estimate, yes, as far as I know.

Q: You expect the full amount will be consumed? Have you any reason to believe that the elevator might cost more than that? A. No.

A. No, I don't know yet. It is too early to say.

(SIR CHARLES TUPPER returned to the Court Room at this time).

MR. COMMISSIONER MAGGIBSON: Col. Kirkpatrick, when you were on the stand a few moments ago, in reply to Mr. Farris you said that while you looked after cargo rates, and Mr. Beattie after the elevator, and Mr. Prenter after something else, that that was only general, that the whole Board acted on all matters. Is that right? A: There was a great deal of work, and we had to more or less divide the work up. Each of us, if I might express it, advised particularly on these particular things, and we had other things to do, but these were the three outstanding things.

Q: And when letters go out you each write letters? A: Oh, no. Any correspondence or decisions were made by the Board.

MR. FARRIS: Of course you must remember Mr. Beattie is in a dual position. He is Superintendent of port operations, and has duties to perform there.

WITNESS: As Mr. Farris points out, that appointment followed the arrangement Mr. Beattie told you of.

MR. COMMISSIONER MAGGIBSON: As superintendent of port operations, Mr. Beattie writes on all matters to all employees of the Harbor Board? A: Well, he does on any matters that come within his authority.

Q: Well, as superintendent? A: Yes, as Superintendent.

THE CHAIRMAN: If it comes within his authority he writes his own letters, of course.

MR. COMMISSIONER MAGGIBSON: What is his authority? A: His authority is to carry out the instructions of the Board, really.

Q: Then in carrying out the instructions of the Board he would

be carrying out the instructions of the Board when he wrote the letter to Mr. McLean instructing him to deal with the question of staffing as he wished? A: Yes, that would be probably --- I think you ^{might} ~~also~~ find a minute on that. I don't know. But he would be, on that, following out the instructions of the Board.

MR. VAN ALLEN: Mr. Chairman, in connection with the evidence of Mr. Howe and the remark of my learned friend, Mr. Farris, about repairs, I would just like to call to the attention of the Commission particularly Clause 4 of the lease on the question of repairs. It is on page 6:

"The Lessee covenants with the Lessor that it will keep the demised premises in good and tenable repair and condition, and will keep all machinery thereon situate in good working order, repair and condition, and from time to time replace, renew and reinstate to the satisfaction of the Lessor any parts thereof which may become broken, lost, worn out or unfitted for use (damage by fire and tempest or by the act of God, or the King's enemies always excepted.) It being further provided that in the event of the said buildings or any of them through structural defects becoming unfit for the purpose of carrying on the operation of a Grain Elevator and warehouse, the Lessee shall not be bound to make such repairs, but in such event if the Lessor shall refuse to make the repairs thereto the Lessee may at its option either make the said repairs thereto or cancel the lease hereby given. In the event of the Lessee making the repairs as aforesaid, the cost of such repairs shall be offset against the rentals payable by the Lessee. Provided, however, that rent shall abate while such repairs are being made."

THE CHAIRMAN: If the house becomes unfit for business occupation through structural defects ---

MR. VAN ALLEN: The Lessee can reconstruct and charge up to the rent.

MR. FARRIS: There must be a structural defect.

MR. VAN ALLEN: That is what Mr. Howe is talking about.

MR. FARRIS: But I think my learned friend does not understand what "structural defects" are in an elevator.

MR. JOHN H. YOUNG, called, sworn and examined.

MR. VAN ALLEN: This witness is a member --

MR. FARRIS: Let him tell what he is.

WITNESS: A member of Geo. A. Touche & Company.

THE CHAIRMAN: sworn

~~XXXXXXXXXXXX~~ He is ~~sworn~~ and listening to this. If he doesn't agree he will correct Mr. Van Allen.

WITNESS: Chartered accountants.

MR. FARRIS: He was also a witness in the famous P.G.E. enquiry.

THE CHAIRMAN: What do you mean, Mr. Farris?

MR. FARRIS: I say he was also a witness in the P. G. enquiry?

MR. VAN ALLEN: That has no bearing. I object.

THE CHAIRMAN: Well now, Mr. Farris, we must not have remarks made that we do not understand here without explanation.

MR. FARRIS: Well, we have had an enquiry here; it has been of public note; and Mr. Young was also a witness on that matter.

THE WITNESS: Mr. Chairman, I strongly object. This is absolutely disgraceful.

THE CHAIRMAN: Well I don't understand what Mr. Farris means.

WITNESS: Well, there is an innuendo.

THE CHAIRMAN: Well, I have a very remote notion of the enquiry referred to. I know it was in the papers. But why do you interject that?

MR. FARRIS: Mr. Van Allen was telling who this man was, and I thought I had also a right to state ---

THE CHAIRMAN: That is very reprehensible on your part. You should not do that.

MR. FARRIS: I withdraw, and I apologise to the Court.

THE CHAIRMAN: There should not be any necessity for withdrawal. If this witness appears to you to be unworthy of credibility on account of something in his past, of which I am totally unaware, you know as Counsel what your duty is as to bringing it out on cross-examination or by means of other witnesses. You must not get up and say something ---

MR. FARRIS: Well, Mr. Chairman ---

THE CHAIRMAN: I think you had better say nothing more about it.

MR. FARRIS: Mr. Van Allen was saying who this witness was, and ---

THE CHAIRMAN: The more you explain it the worse you make it, so you better stop.

WITNESS: I would ask that an apology be given to me, also, as well as the Commission.

THE CHAIRMAN: Well you will be protected. What is the name of the firm?

MR. VAN ALLEN: George A. Teoche & Company, Chartered Accountants. Mr. Young, Your firm, I understand, has its Head Office in London, England. A: It has.

Q: And has four offices in Canada, at Montreal, Winnipeg, Edmonton and Victoria? A: Toronto, Edmonton, Calgary and Victoria.

Q: And you have offices in the United States? A: We have.

Q: SOUTH America? A: We have.

Q: And you have two offices in England? A: We have .

MR. VAN ALLEN: Mr. Chairman, the purpose of calling this witness is one which I want to make perfectly clear, and I think probably I should not go into this thing too much today, so as not to take any improper advantage of my learned friend. This witness was called in by myself some days ago to inspect this lease and to make a report on the rentals payable, with particular reference to the sinking fund payment and so on, and I have here the full report of this witness. I would like to put it in with his explanation, and then my learned friend, Mr. Harris, will have an opportunity over the week-end of going over it.

THE CHAIRMAN: That is, you want to put in his criticism of the terms of the lease?

MR. VAN ALLEN: His examination of the terms of the lease, and leave it at that for the time being.

Q: Have you a written report? A: I have it right here. I will get sufficient for everybody over the week-end.

M. HARRIS: I would like to have one, so that I can study it over the week-end.

M. VAN ALLEN: Will you just read your report, Mr. Young.

SIR CHARLES TUPPER: What is the date of this report, may I ask?

A: 17th May, 1924.

"Van Allen, Esq.,
Hotel Vancouver,
Vancouver, B.C.

Dear Sir:

"As instructed by Mr. Metherill acting on your behalf, we have examined copy of Lease submitted to us between the Vancouver Harbour Commissioners, of the first part, and the British Oriental Grain & Elevator Company Limited, of the second part, dated 1st March 1924, for property situated in Vancouver, known as the Woodward Elevator, with a view to giving you the

rental arrangements payable under the said Lease to the Harbour Commissioners, as contained therein.

"At the present time we are unaware of the rate of interest which will be payable on the Bonds issued or to be issued by the Harbour Commissioners for the purpose of completing this Elevator, and while we are of opinion that these will carry interest at the rate of $5\frac{1}{2}\%$, we are, nevertheless, for comparative purposes giving you the figures on the basis of the interest on the Bonds being 5% per annum as well as $5\frac{1}{2}\%$ per annum.

"In connection with the annual charge for Sinking Fund the rate at which this Sinking Fund will accumulate per annum affects the amount which will require to be set aside each year for the redemption of the Bonds in 21 years. We are of opinion, in view of the state of the financial market at the present time and the indications for the future, that the Sinking Fund should be based on an accumulation at the rate of 3% per annum for the 21 years, but it may be that a more optimistic view might be argued, but in any case under no circumstances should this be based on a higher rate than 4% per annum. Accordingly for the purpose of comparison of the rentals payable as previously referred to, we have shown the figures of the Sinking Fund based on a 3% interest accumulation, as well as a 4% interest accumulation.

"The total rentals payable under the Lease on the different bases of calculation as shown on Statement 1 attached hereto are as follows:-

Rentals:

On basis of Sinking Fund accumulated at 3% :

With Interest payable on Bonds at 5% \$9.52 per \$100.00

With Interest payable on Bonds at $5\frac{1}{2}\%$ \$10.08 per \$100.00
On basis of Sinking Fund accumulated at 4%:

With Interest payable on Bonds at $4\frac{1}{2}\%$ \$ 9.17 per \$100.00

With Interest payable on Bonds at $5\frac{1}{8}\%$ \$ 9.67 per \$100.00

"The foregoing rentals under Clause 1 of the said Lease are modified and restricted to a sum not exceeding 9% of the amount of the Bonds issued. This modification in the Lease makes quite a material reduction of rentals on a basis of Bonds of \$650,000.00, as shown in Statement 1 attached hereto, from which it will be seen that the supervision charge of 1% per \$100.00 in the first example is reduced to 48 cents, in the second example there is a direct loss of 2 cents, in the third example it is reduced to 63 cents, and in the fourth example it is reduced to 33 cents.

"This reduction in the amount of the payment for supervision arising from limiting the total to 9% in all would result over the twenty one years in a loss of revenue amounting to \$70,980.00 in example one, \$139,230.00 in example two, \$23,205.00 in example three, and \$91,485.00 in example four.

"We would draw to your attention Clause No. 10 of the Lease for your consideration of the effect this Clause will have upon the revenue of the Harbour Board.

Yours faithfully,

George A. Teache & Co.

Chartered Accountants."

THE CHAIRMAN: Clause 10? Read that, Mr. Van Allen.

MR. VAN ALLEN: "For the purposes of insuring the Lessee will create a revenue of not less than Twelve Thousand Dollars (\$12,000.00) per annum over the said shipping facilities to be provided by the Lessor as hereinbefore set out, the said

amount of twelve thousand (\$12,000.00) Dollars has been included in the said annual rental herein provided to be paid by the Lessee; It being understood and agreed between the parties hereto, however, that as against the said rental so to be paid the Lessee shall be credited with all amounts paid to the Lessor by the Lessee by way of cargo or other harbour rates up to, but not exceeding, an amount of Twelve Thousand Dollars (\$12,000.00) per annum."

Q: Mr. VAN ALLEN: Now you have prepared a statement based on that report. Would you please explain that statement, the statement at the back? A: It is in order that a comparison may be given as of the different rates: On a basis of bond interest being five and five and a half per cent. and sinking fund accumulating at 3%, the rental in terms of the lease is: (1) Interest paid on Bonds, 5% as the basis we are taking per hundred, (2) Sinking Fund for redemption in 21 years; the figure actually is \$3.52. And the supervision charge under the lease is \$1.00.

Q: You see, Mr. Chairman, what the witness means there. There are three things mentioned. In paragraph 1 "The Lessee covenants that it will pay to the Lessor as- as annual rental for the lands and premises, an amount which shall be equal to the interest paid on the bonds issued by the Lessor the proceeds of which have been used in the acquiring of the said property and making improvements thereon as herein provided for, TOGETHER with an additional amount to be paid into a sinking fund which paid in equal annual instalments will retire the said Bonds within a period of Twenty-one (21) years, TOGETHER with an additional annual amount of one per centum (1%) on the amount of the said Bonds as a supervision charge;" and then there is a proviso that "in no event shall the total

"charges as aforesaid be greater than nine per centum (9%) per annum on the amount of the said Bonds the proceeds of which have been used as aforesaid.", and this statement is a discussion of that clause. Next comes a basis of $5\frac{1}{2}\%$. The interest is \$5.50, Sinking Fund \$3.52, and the supervision \$1.00, making a total of \$10.02 per \$100.00. On the basis of the bond interest being $5\frac{1}{2}\%$ and $5\frac{1}{2}\%$, and the Sinking Fund accumulating at 4%, on a basis of 5% the interest is \$5.00, the Sinking Fund payment \$3.17, supervision charge \$1.00, making a total of \$9.17 per \$100.00. On a basis of $5\frac{1}{2}\%$ on the bonds, interest \$5.50, Sinking Fund \$3.17, and supervision charge \$1.00, making a total of \$9.67 per \$100.00. The foregoing rentals are modified under Clause 1 of the lease in respect that the rentals payable are limited to 9% of the amount of the bonds issued. This modification in the clause makes the reduction on rentals on the basis of bonds of \$650,000.00 as follows: Shortage over 9% in the first case is \$3,380.00, in the second case is \$6,630.00, in the next case is \$1,105.00, and the next case is \$4,355.00 per annum. The total shortage for twenty-one years on the basis of \$650,000.00 bonds issued is \$70,980.00 in the first case (5%), \$139,230.00 in the second case ($5\frac{1}{2}\%$), \$23,205.00 in the third case (5%), Sinking Fund 4%, and \$91,455.00 in the last case ($5\frac{1}{2}\%$, Sinking Fund 4%). The total supervision charge of 1% for twenty-one years indicated as being received under the lease on the basis of \$650,000.00 bonds issued is \$136,500.00 in each case. The total supervision charge which will be received on the basis of above figures, putting shortage against supervision charge on basis of \$650,000.00 of bonds issued, in the first case (5%) Sinking Fund 4%) \$65,520.00 -- that is what they would get; in the second case ($5\frac{1}{2}\%$, sinking fund 3%) they would get none, no

supervision charge; in the next case \$113,295.00 (5% sinking fund 4%); and the last case (5½%, Sinking Fund 4%), \$45,045.00. You will notice, Mr. Chairman, that the totals there, the first and the third figure, agree with the middle figure; the total supervision of \$136,500.00, the figures above and below it agree with that figure.

THE CHAIRMAN: That is, \$70,999.00 (total shortage for 21 years on basis of \$650,000.00 bonds issued, on basis of bond interest being 5% and Sinking Fund 3%) added to \$65,520.00 (total supervision charge which will be received putting shortage against supervision charge on basis of \$650,000.00 bonds issued, bond interest being 5% per annum, and sinking Fund 3%)?

WITNESS: Yes.

MR. VAN ALLEN: You have worked out all these figures yourself?

A: I have.

Q: And they are correct? A: They are correct.

MR. PALMER: I would just like to ask Mr. Young a question or two, so that I may understand. When you say that this is a modification of the rentals and go on to state that this modification makes a certain reduction on rentals where the shortage is over 9%, what do you mean? A: Well, under the terms of the lease the rental is limited to a certain particular sum not exceeding 9%.

Q: It is up to 9%. A: Not exceeding 9%.

Q: Are you suggesting that the rentals contained in this lease are small rentals? A: I am not suggesting anything at all. I am only reporting on the terms of the lease, on the rental figures.

Q: I know, but what is the report leading up to? A: The report gives the figures exactly of what the rentals will be

Q: You mention "Linking Fund" accumulating at 4%. Is there not a great deal of Linking Fund accumulating at 5% today? A: That is for you to decide. I am giving you the basis of the report.

Q: I know, but why give a basis of 5% instead of 4%? A: In my opinion, I have stated it and it should not be taken at a higher rate than 4%.

Q: But at the present time --- A: But yes, but this is over twenty-one years.

Q: I know. Do you know what the interest is going to be in the next five or ten years? A: That is why you have got to be very conservative in your figures.

Q: Are you prepared to say as an accountant that the interest won't be higher? A: I won't say what it will be, but all financial indications are that it will be much lower.

Q: Where do you get these expectations? A: It is expected money will be cheaper.

Q: Who expects that? A: It is expected in the financial markets.

Q: What is your information in the financial markets? Do you carry on a financial exchange here, or just why do you pass as an expert on financial matters? A: Well, I am giving my opinion generally in connection with that all the time.

Q: And your opinion is just about the same as the rest of ours. A: I don't think so. It is our business to be in touch with figures and finance.

Q: In touch with figures? A: And finance.

Q: And how long have you been working on this lease, Mr. Young, this statement? A: I don't just know how long it took us to prepare the figures. The figures have all been prepared and

carefully checked.

Q: Several days, or a week or two? A: Oh, just about two or three days.

Q: And after two or three days this is the best result you can obtain to show the ^{i providency} ~~improvidency~~ of this lease? A: What are you talking about? I am not saying the lease is improvident. I am not criticising the lease at all. I am giving you facts.

Q: Well now, are they facts?

THE CHAIRMAN: Well, they are hypothetical facts.

M. FARMS: Based on his opinion.

THE CHAIRMAN: Well, based on certain figures which he says are the proper figures to base it on.

MR. FARMS: I just wanted to get that before I went into the figures.

SIR CHARLES TUPPER: I understand Mr. Young will be here on Monday.

WITNESS: Well, Mr. Chairman, as Mr. Van Allen knows I am leaving tomorrow night for three days. I will be back on Thursday morning, if it is at all possible.

THE CHAIRMAN: Well, of course, you bring this witness here and he is subject to cross-examination. He cannot be cross-examined at this short notice. This is a technical document he is putting in evidence. He must be available some time while we are here, for cross-examination. That is all I can say. Monday would certainly be the better time.

WITNESS: Well, it is most unfortunate. I have got three series of consultations at Penticton, Kelowna and Kamloops. All arrangements have been made.

THE CHAIRMAN: Well, Counsel can arrange that among themselves.

MR. VAN ALLEN: I think probably if the witness is back here

by Thursday morning that an opportunity for ~~exam~~-examination will be given then..... There is one thing I wanted to ask Col. Kirkpatrick about, about the bond issue itself, and I overlooked it entirely in my notes.

COL. KIRKPATRICK recalled.

MR. VAN ALLEN: I understand that the issue for the completion of this Woodward elevator, Mr. Kirkpatrick, has been offered to dealers. Tenders have been called for. This issue of \$650,000.00 was authorized by the Order-in-Council that has just been read, but it has not as yet been sold. A: No, the time is not up yet.

A: Can you tell me what the rate will be? A: No, certainly not. I don't know.

THE CHAIRMAN: Are you calling for the whole \$650,000.00 now?

A: Yes, we are calling for tenders.

A: But you intend to sell them all now? A: Well that is a matter we will have to decide upon when the tenders come in.

MR. VAN ALLEN: What interest have you paid on your other issues, Col. Kirkpatrick? A: There has only been one other issue. It was some years ago. You mean now privately, not taken by the Government?

A: Yes. A: It is some time ago. I think it was 5 1/2%. Either five or five and a half per cent. I think it was 5% but I am not prepared to say.

THE CHAIRMAN: If the matter is important at all it is very important that we should have the exact figures.

MR. VAN ALLEN: Will you ascertain that definitely?

MR. BARNES: I can't see how it can be important several years ago, when interest rates were different.

WITNESS: This was during the war.

MR. VAN ALLEN: And what interest did you pay on your bonds which were taken up by the Dominion Government? A: 5%.

THE CHAIRMAN: That is, you paid the Dominion Government 5% you mean? A: Yes.

MR. WOODS: What are these bonds charged on, Col. Kirkpatrick?

I see in the Act, in the Section 26 that I was asked to read, it says, after providing for the acquiring of land and the issuing of bonds with the consent of the Governor-in-Council, "which debentures may be secured upon the property vested in or controlled by the corporation". A: All the property is now vested in the Crown. It is all transferred to the Crown.

Q: I am speaking of these bonds that were issued under that Order-in-Council for the purposes pursuant to Section 26, of acquiring this No. 3 elevator. A: They are not yet issued. Tenders are now being called for these bonds and they will be secured on the revenues of the Harbor.

Q: And is there any special charge on the property ---

MR. FARRIS: Well, now Mr. Woods, you are getting into this matter --

MR. WOODS: You have not settled on that yet? A: No.

MR. FARRIS: That matter has been under discussion.

MR. WOODS: So, while the tenders have been asked for the bonds --

MR. FARRIS: They have not been formally asked for yet.

MR. WOODS: Mr. Kirkpatrick says so.

WITNESS: We have called for tenders.

MR. VAN ALLEN: I understand that the time originally fixed for the offering of tenders has expired and was extended.

A: It was extended before it expired.

MR. VAN ALLEN: It has already been extended once.

THE CHAIRMAN: Were the tenders called for by public advertisement or by letters to various firms? A: Letters to various

firms. I have quite a long list of them.

MR. WOODS: When you called for tenders did you tell the people who were tendering for the bonds upon what the bonds would be charged? A: Yes, upon the revenues of the harbor.

Q: It is on that basis the tenders are being made? A: Quite right.

Q: They are not tendering, then, on the basis of the bonds being charged especially on the particular property? A: No.

Q: Simply charged upon the revenues of the Harbor Board? A: Quite right.

THE CHAIRMAN: If we had the letter, for instance, sent out to the firms, that would explain.

MR. WOODS: Have you one of these form letters? A: Yes.

Q: Will you just bring one? A: Yes.

Q: Have you the prospectus too?

MR. FARRIS: No. I didn't know such a thing was issued - quite frankly.

WITNESS: There is merely a letter.

MR. WOODS: And a prospectus? A: Not a prospectus. The letter and the prospectus are ---

Q: ---- the same thing.

MR. FARRIS: What is the object of this?

MR. WOODS: You know very well, Mr. Farris, we want knowledge of exactly how the title to these matters stands, and what the position is in regard to ---

THE CHAIRMAN: You can get it this way: No one would tender without knowing what he is tendering on, and knowing what his security would be, so the letters and prospectus which would accompany the letter ought to have all this.

MR. FARRIS: It must be a very informal one, because I certainly haven't seen it, and I am sure if it was a formal

one going into the whole matter it would have been tendered to me.

THE CHAIRMAN: If you ask financial firms to tender on bonds of \$650,000.00 value, you would furnish them with all the information they would require to have, The price and the interest the Harbor Board would have to pay would depend very largely on that. Now you have done that, and I think you can very easily give us the information, because you must have furnished it. A: That occurred after this Commission had commenced sitting, and somebody came to us --- my time is pretty well taken up here, I know this is done through the Secretary, and the Secretary told me, as far as I know, some of the bond dealers would like to take the matter up with some of their eastern connections.

Q: Did any of the bond companies make the request that the bonds be guaranteed by the Federal government? A: They asked if they could be. They did not make the request because we told them that they would not be.

MR. WOODS: Mr. Beattie is not available this morning; he is ill; and I have asked my friend Mr. Mothersill to be ready to go on with the cargo rates, if that is satisfactory to the Commission.

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MR. MOTHERSILL: Mr. Chairman, before calling the first witness I think perhaps it would be helpful to the Commission, and avoid questions and misunderstandings as we proceed, if I made a preliminary statement. There is a little story going before this cargo rates enquiry which I think probably should be explained.

as has been stated here in evidence, the Harbour Board took over the control of the elevator from the Board of Grain Commissioners at the beginning of the cereal year that is now passing. Some time after that control had been acquired we received information in Alberta that the rates in the elevator had been raised from $\frac{1}{2}\text{¢}$ to 1¢ per bushel. That did not provoke any particular protest just at ~~the~~ the time. However, I think a month or so after, I have not just got the exact date, the announcement was made that the cargo rates on grain were to be increased from $.1\text{¢}$ a ton to 10¢ per ton. To us in Alberta that seemed quite a remarkable increase - and increase of some 900%. We had not been notified, giving any warning, of the proposed increase at all. The Government that I represent took the matter up; the Edmonton Board of Trade took the matter up; and we asked the reasons why ^{it} should be necessary to make this very remarkable increase. As the result of our protests, Commissioner Beattie visited the City of Edmonton. He there had a conference with the Government of Alberta and with representatives of the Edmonton Board of Trade; and at these conferences apparently this was the situation, that Commissioner Beattie had not come to Edmonton armed with sufficient data to give us the information we required.

MR. FARLIS: Well now, that is not correct is it Mr. Mothersill, Are not the facts that Mr. Commissioner Beattie asked you to send somebody down from Edmonton, a business man who understood conditions, and they would pay the expenses for him to come down?

MR. MOTHERSILL: That is quite ridiculous Mr. Farris. My memory is quite clear on the matter. The questions that we were asking Mr. Beattie were that we wanted to arrive at the amount of capital expenditure that was going on down here. Our information was very hazy on the matter, and we wanted some facts, and of course it was not at all surprising that Commissioner Beattie did not have the information. He did not carry his whole accounting staff with him. And he suggested that a representative of the Alberta Government and of the Edmonton Board of Trade come to Vancouver and get the information which we required. As a result of that suggestion we accepted the invitation, and in the month of January this year I attended in Vancouver here and had several meetings with the Harbour Commissioners. I was here representing the Provincial Government and the Edmonton Board of Trade, and obtained what information I could, and on that information I made a report to the interests that I represented. That report is in the hands of the Harbour Board. I have a copy of it. I am not going to go into it in any particular detail. It went into cargo rates in detail and other matters in general.

MR. FARRIS: Is my learned friend Mr. Mothersill going to go into the box on that report?

THE CHAIRMAN: What do you intend to do? Do you intend now to read to us a report made by yourself, showing what you found to be the facts?

MR. MOTHERSILL: No Mr. Chairman, All I was going to do was to state the recommendations that I have made to the Government of Alberta as a result of making this report.

THE CHAIRMAN : Well start your reading, and we will see whether it is proper material or not.

MR. MOTHERSILL: I could probably do it more briefly than that. I reported to the Government of Alberta and to the Edmonton Board of Trade that in my opinion a 6¢ cargo rate was not justified, basing my opinion on the information that I was able to get. I suggested that that cargo rate should be suspended for at least the balance of the present crop year. At that time I did not anticipate that there would be any session of this Royal Commission in Vancouver. I believed it was very necessary that the whole matter should be gone into in a detailed way, and I suggested to the Government of Alberta that I believed that it would be in the interests of all parties concerned if a conference could be arranged between the Government of Alberta and the Government of Canada regarding the general development of grain handling facilities on the Pacific Coast. These recommendations were adopted by the Government of Alberta, and I presume, although I have not heard anything definite, that such a conference will be arranged sometime during this present year then following that Mr. Van Allen made his statement at Winnipeg. At the time he made his statement I believe he had before him a copy of my report, and he considered that it would be advisable to have the matter brought up here and evidence taken and further information obtained with regard to these charges, and that anything that could be done by this Commission to bring about a better understanding between the Province of Alberta and the interests of British Columbia with regard

to grain handling charges generally might be achieved by the assistance of this Commission. I have just this in addition to say Mr. Chairman, that I do not wish to start in with the impression that the Government that I represent objects to the cargo rate simply because it is a cargo rate. Our objection will be based on this, that the revenues being collected at the present time by the Harbour Board from all sources and revenues are quite ample, without imposing any increases at all.

THE CHAIRMAN: Quite ample for what?

MR. MOTHERSILL: For the requirements of the Harbour Board.

THE CHAIRMAN: Your objection, then, you say, is that the revenues collected from all sources, including grain, by the Harbour Commissions are ample for their purposes without this--

MR. MOTHERSILL: That is a very broad and general statement.

THE CHAIRMAN: Then secondly, do you wish to go on and contend that under the rates in question grain is being taxed more than its fair share.

MR. MOTHERSILL: More than its fair share, that is exactly it my Lord. And I also wish to examine into whether or not the vast sums of money that ^{are} ~~have~~ been expended are being expended to the best advantage.

THE CHAIRMAN: Put it this way, that you would suggest that the expenditure here are improvident.

MR. MOTHERSILL: No.

THE CHAIRMAN: Well, that they are not being made to the best advantage. That is part of the reason why the rates are being increased.

MR. MOTHERSILL: My suggestion my Lord is this, that we have no objections to the expenditure of moneys here for the increase of facilities for the handling of grain, but the attitude of the farmer in the Province of Alberta is this, that every dollar of money that is expended here must be paid in the final analysis by the grain producers of the Western Provinces.

THE CHAIRMAN: Do you mean expenditure on grain elevators?

MR. MOTHERSILL: Grain elevators, grain handling facilities generally. And there is a feeling, which I think there is very much justification for, that if we have to pay for all these capital expenditures, we have a right to examine into them.

THE CHAIRMAN: Your contention is that the producers of grain will have to pay for these things by cargo rates or
[SOUND]

MR. MOTHERSILL: By cargo rates, by general taxation on their grain, elevator taxes, harbour dues and everything else. It all goes into the one fund of the Harbour, and is applied to interests and sinking fund to retire these capital charges; and if the port is going to pay its way then it is in the last analysis, and I think they directly, the grain producers of Alberta and Saskatchewan who use this route who have to pay that whole capital charge.

THE CHAIRMAN: I though Col.Kirkpatrick told us--of course we are going to find out from the documents-- that the moneys raised to purchase and complete the Woodward elevator were to be a charge on all the revenues of the Port, not only the revenues derived from grain.

MR. WOODS: The principle is that the grain shall pay its way.

MR. MOTHERSILL: If our grain is to pay its way, and I think that is the right principle, I know of no objection in the Province of Alberta to the principle that grain should pay its way.

THE CHAIRMAN: Then it gets back to this, they are spending too much money or spending money improvidently for these facilities. You must mean that.

MR. MOTHERSILL: Yes. I am not making that statement now. I want to enquire into the matter.

THE CHAIRMAN: That must be your suggestion I mean.

MR. MOTHERSILL: Yes.

THE CHAIRMAN: There would be no object for the enquiry unless you do suggest that. Here is the Harbour Commission spending money on building and buying elevators and putting in equipment. There must be a suggestion that they are not spending it wisely, they are spending it disadvantageously. Otherwise why should we enquire?

MR. MOTHERSILL: Yes.

THE CHAIRMAN: And you must go further. You must link up the interests they are creating for themselves by this unwise expenditure with the increase in cargo rates?

A. Yes.

THE CHAIRMAN: That is what you are doing?

MR. MOTHERSILL: Yes, my examination will lead in that direction.

MR. FARRIS: Well now, Mr. Chairman, I still just don't follow where my learned friend is going. At the opening of the enquiry this matter was brought up, and I asked

this Commission whether or not they proposed to go into the question of the construction of the building, piers, how the money was expended, every dollar from the time of its inception. You, I think, asked Mr. Woods about it. Mr. Woods said there was no such intention. And you asked Mr. Van Allen if it was his intention to go into these things. Mr. Van Allen said it was not. It means of course, once we really embark on a technical enquiry, we must go into it from beginning to end. I would like to know, because quite frankly, if we are going to go into that we might as well figure we have at least three or four weeks or a months enquiry ahead of us. I want to know how far we are going on that.

THE CHAIRMAN: Well of course, there are different extents to which an enquiry of that sort can go. For instance I made a certain enquiry into the construction of a public building, Law Courts. The charge was that the expenditure was improvident, fraudulent, unwise. The Commission enquired into the construction of that one building, and I know it lasted four months.

MR. MOTHERSILL: I think I can clear that up very readily my Lord. That financial statement filed by the Board of Harbour Commissioners, if you will turn to pages eleven and twelve--it is not my intention for a moment to go into the actual cost of constructing any of these facilities.

MR. FARRIS: Just before my learned friend goes any further. In going into this rather serious matter I presume he has no figures on this at all, except the figures that are in this contract.

M. MOTHERSILL: Well, could I get better authority than that?

MR. FARNIS: I am just asking my friend now because it was understood, if they were any others I was to be furnished with them.

THE CHAIRMAN: You see, as far as I can remember--I may be mistaken in what I am going to say--the only reference to cargo rates in the matters before us is what is contained in clause 6 itself, which says that the Commission is to investigate the proposed increase in the cargo rates on grain at Vancouver. I would assume that that would mean the same sort of an enquiry as would be made, for instance, in the Department of Marine and Fisheries where the Harbour Commission apply to have their rates approved off, and somebody is there representing say the Edmonton Board of Trade and the Calgary Board of Trade, to appraise it -- as to whether the rates are reasonable or not. When you ask us now to go further than that, and wish to show us that these rates are necessitated by the fact that the Harbour Board has built buildings, has purchased buildings, and has spent more money than it ought to have spent, has spent its money extravagantly, and things of that sort, then you ask us to investigate matters of a highly technical character, which may last a very long while, and I for one would not undertake that unless it was clearly understood at Ottawa what was meant by this, because I am absolutely certain that it was never, never intended that we should undertake an investigation of that sort.

MR. MOTHERSILL: I have not taken any particularly active

part in the enquiry so far, and my attitude is this, that if the actual cost of these facilities, that is an enquiry such as you apparently in mind, is to take place, then it should be held entirely apart from the cargo rates.

THE CHAIRMAN: Oh, entirely. Because cargo rates would only be an incident.

MR. MOTHERSILL: All handling charges on grain, I presume, are imposed and must be to a more or less extent covered by the cost of the facilities that are being constructed. Now I do not purpose to ask this Commission to enquire into the actual cost of one of these facilities. I think when I get into this statement I can show this, your Lordship, that a large number of sums representing supposed capital expenditure are being charged up to handling grain which should not be charged up at all. It may be a matter of bookkeeping. I don't know. That is a matter to be explained.

THE CHAIRMAN: Well, that is a different thing entirely of

MR. MOTHERSILL: I have no desire whatever to examine into the actual cost of construction.

THE CHAIRMAN: Or to question the cost? A: Or to question the cost of the construction of any of these facilities.

THE CHAIRMAN: Oh, I see. Then you don't suggest they are improvident. You do suggest now that capital expenditures are improperly---

MR. MOTHERSILL: --distributed.

THE CHAIRMAN: --being provided for?

MR. MOTHERSILL: Yes.

THE CHAIRMAN: All right then.

~~THE QUESTION~~

MR. FARLIS: I just want to draw the attention of the Commission to the facts with regard to the cargo rates so there may be no misunderstanding, because there has been an impression go abroad which is a very erroneous one. Previously the cargo rates was 1¢ per ton. Now the rate proposed was 5¢ a ton. That on its face looked like a 5¢ increase.

MR. MOTHERSILL: There was a suggestion that it should be 10¢, and it was lowered to 5¢.

MR. FARLIS: What I want to point out, and you will see at page 14 of the report filed, is that the actual increase is not 5¢ per ton but 1 1/3¢ per ton, or 1/25 of a cent per bushel.

The statement referred to is entitled "Comparison showing the difference in the aggregate between the old charges for cargo rates and Harbour dues and the new charges on shipping grain, based on an average cargo of 200,000 bushels, or 6,000 tons, shipped by a vessel of 3,500 net registered tons, taking an average time to load of 3 days." The comparison is thus set out:-

Bulk grain - old rates

Berthage charges - 3 days at \$50.00	\$150.00
Cargo rates - 6,000 tons at 1¢	60.00
Harbour dues - 3,500 net tons at 5¢	175.00
Total	\$385.00

Bulk grain - new rates.

Berthage	nil
Cargo rates - 6,000 tons at 2¢ 6¢	\$360.00
Harbour dues - 3,500 net tons at 5¢	105.00
Total	\$465.00

This, it was stated, "represents an increase in the new rates of \$60.00 or less than 1/25th of 1¢ a bushel or 1 1/3¢ a ton."

On sacked grain, under the old rates a total was shown of \$5,875.00, made up as follows:-

Wharfage - 6,000 tons at 50¢ \$3,000.00, handling -
6,000 tons at 40¢ \$2,400.00, cargo rates - 6,000 tons at
5¢ \$300.00, harbour dues - 3,500 net tons at 5¢ \$175.00
total - \$5,875.00. Under the new rates the total is
\$5,865.00 made up as follows:-

Wharfage - 6,000 tons at 50¢ \$3,000.00, handling - 6,000
tons at 40¢ \$2,400.00, cargo rates - 6,000 tons at 6¢
\$360.00, harbour dues - 3,500 net tons at 3¢ \$105.00.

This represents a saving in the new rates on sacked grain
of \$10.00 or 1/200th of 1¢ a bushel, or 1/6th of 1¢ a ton. X

MR. MOTHESBILL: I dispute that statement Mr. Farris.

MR. WOODS: Just let us get that. I remember reading an
Order-in-Council that confirmed a by-law regarding this
matter. Was that by-law for 6¢ or for 10¢?

MR. FARRIS: 6¢.

MR. WOODS: That is in force now?

MR. FARRIS: It comes in force at the end of this present
crop season. It is not in force yet.

MR. WOODS: But it has been approved of by Order-in-Council.

MR. FARRIS: The Order-in-Council has been passed. It
was passed after all these questions came up and the
Government was communicated with by the Alberta Government
and everybody else.

THE CHAIRMAN: An Order-in-Council you say authorizing
these cargo rates? I don't remember it being read.

MR. WOODS: Well we had it at the time. There was an
Order-in-Council confirming the port charges.

MR. FARRIS: It went to Ottawa and was held up, and was only published, I think, in February of this year.

MR. WOODS: I don't quite see why it isn't in force.

MR. FARRIS: It has been suspended.

MR. WOODS: By another Order-in-Council?

MR. FARRIS: I could not tell you ^{why} ~~how~~. I knew it is actually suspended. I am not particularly concerned with the reason why. But that is the situation. The charge amounts to only 1/25th of a cent a bushel.

MR. MOTHERSILL: That is only an argument.

MR. FARRIS: Oh no, the auditors figures are there for that.

THE CHAIRMAN: We will have to get that Order-in-Council again, Mr. Deachman.

MR. MOTHERSILL: Before I proceed, my friend Mr. Lucas is here representing the Merchants Exchange, and he wishes to make a statement respecting this matter.

Mr. Lucas follows.

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MR. LUCAS: Mr. Chairman, for the Merchants Exchange, or rather for the Grain Section of the Merchants Exchange and the Exporters Section, this matter of the cargo rates has been very carefully considered and is of vital interest to them, because of course they are the people who are required to pay the money; and as it is a policy with which I think everybody concurs that the grain facilities should carry themselves, this business of cargo rates, or the amount of money that is to be paid, is going to depend directly and absolutely upon the amount of capital expenditures in the Port which the Harbor Commissioners in their policy of government of the Port will charge up to the grain trade. The instance which my friend Mr. Farris referred to is very pertinent, ^{but} I understand that Mr. Mothersill will introduce evidence in the matter to show that the conclusion which Mr. Farris adduces from these figures is not altogether free from objection. Now the position that the Grain Trade -and this is a considered statement- take in this connection in Vancouver as regards the proposed increase in the cargo rate on grain is as follows:

"The Trade as a whole is agreeable that the grain traffic shall bear its just proportion of the cost of operating necessary grain handling facilities of the port. The Trade has always and ~~unanimously~~ consistently held this opinion and has so stated publicly, through the Grain Division of the Merchants Exchange at meetings and conferences with the Harbour Board.

The proposed cargo rate of 6¢ per ton of 2,000 lbs. being equivalent to one fifth of a cent per bushel on wheat, cannot be considered to be a heavy charge in proportion to the value of the grain, being approximately one fivehundredth of its value.

Any objection which may be taken by the Trade in relation to this question is taken on the following ground.

a. Lack of adequate information as to the need for imposition of this amount of charge.

b. The nature of the charge itself."

THE CHAIRMAN: You say you do not object to the charge itself?

MR. LUCAS: If it is going to be necessary in order to handle the grain facilities of this Port. The charge as a charge, a cargo rate as distinct from an elevator charge or something like that, there is no objection to that if it is going to be necessary. But it may be found from the material which will be placed before this commission, and it is our contention if it be so found, that there should be no such charge at all. In other words I think I express the opinion of the trade on that point in this way, that comparisons with other Ports and with charges that have been created at other Ports, comparative charges, comparative tariffs, are of little or no interest to us except academically, as we are of the opinion -the trade, I think has expressed itself very strongly on this point, that the rates to this Port should be the lowest possible, regardless of weather the traffic can stand more or not. That is it is not a matter of the Harbour Board charging the trade what the traffic will bear, because the Harbour Board is not in the business of managing the Port of Vancouver as a money making proposition, but simply to handle the Harbour of the Port of Vancouver at the very minimum cost to all concerned and to divide up that cost fairly and rateably among all trades using the Port. I think the Harbour Commissioners themselves have expressed their approval or have expressed themselves as ~~fasting~~ following that policy, although they do make reference

to the charges in other Ports in this statement that has been ~~xxx~~ filed. Now as to the first point, that is to say the lack of adequate information, "The trade is not in possession of sufficient information as to the cost of the ^{existing} facilities ~~existing~~ and projected by the Harbour Board to judge whether the rate proposed is reasonable and fair in relation to the income necessary to be derived from the traffic in order to provide operating costs and interest and make adequate provision of amortisation of capital expenditure.

The Present enquiry is being held for the purpose of eliciting just such information, and until it is forthcoming, the trade is not in a position to state with definiteness that it is satisfied with the proposed charge.

It must be borne in mind that in making this statement the Trade is considering the volume of grain being handled by the Commissioners elevators and the income being derived from the charges levied by the Commissioners for the services of the elevator.

From a return made to the House of Commons on May the fifth 1924 the receipts ~~for~~ of the Harbour Commissioners' Elevator in respect of thirty-one million bushels of grain handled from August 1st, 1923 to the end of February 1924 amounted to \$392,000. and expenditure on operation \$200,000. showing a gross or operating profit of \$192,000.

Assuming that 55,000,000 bushels of grain will be handled--
THE CHAIRMAN: Perhaps I have not followed you closely enough. But are you referring to figures which show the operations of the elevator? Mr.

MR. LUCAS: Yes.

THE CHAIRMAN: Only to the elevator?

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MR. LUCAS: The question in the House, I am satisfied, referred just to the elevator.

MR. FARRIS: In order that I may follow Mr. Lucas, I would like to ask him at this point what the attitude of the Trade is. Do I understand my learned friend Mr. Lucas is now explaining that the reason why the Merchants Exchange are taking no part in the question of the Cargo rates is that they do not know and therefore are not in a position to assist the Commission? Or do they take the position of opposing or supporting it?

MR. LUCAS: They are taking the position ---

MR. FARRIS: The position, I understand, they take is that they really do not know anything about it, and therefore cannot really form a definite opinion.

MR. LUCAS: My friend, I think, will understand before I get through

. In Hansard, p. 1795, these questions were asked on May 5th by Mr. Coote and answered by the Hon.

Mr. Ceppi:-

What was the number of
"Q.1. How many bushels of grain ~~imported~~ handled by ~~the~~
~~Government elevator at Vancouver for the year ending~~
the Government elevator at Vancouver for the year ending
July 30th, 1925?

Ans: 54,309,172 bushels of all grains, which includes receipts and shipments.

"Q.2. What was the handling charge per bushel on said grain?

Ans: Handling charges on clean grain, one half per cent per bushel; grain requiring cleaning being subject to an additional charge, according to the amount of dockage.

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"Q.3. What were the total receipts and total expenditure in connection with this elevator during this period?

Ans: Total receipts, \$203,477.96; total expenditures, \$106,329.10.

"Q.4. What was the total cost of this elevator?

Ans: \$850,281.15.

"Q.5. What was the value at which this elevator was transferred to the Vancouver Harbour Commission?

Ans: \$550,000.00.

"Q.6. What changes, if any, have been made in handling charges by the Vancouver Harbour Commission; and why were these changes made?

Ans: The Department is not aware of the previous tariff charged by the previous management of the Government elevator before the Commissioners took charge, nor is the elevator operated by the Commissioners on the same basis as previously. The Commissioners' charge for elevating with free storage and insurance against fire for fifteen days of ordinary grain, is one cent per bushel. There is a slight variation in these charges for special conditions of grain. The cargo rate is one cent per ton on all grain up to the 1st of September next; after that period the rate will be six cents per ton, which charge will provide transportation over the conveyor system and piers, and also free berthage for ships loading grain cargoes.

"Q.7. How many bushels of grain have been handled by this elevator from August 1, 1923 to the end of February 1924?

Ans: 31,076,900 bushels.

"Q.8. What were the total receipts and expenditures during this time?

Ans: Receipts, \$392,294.08; expenditure, \$206,519.06 on operation and equipment necessary to make

the old elevator function efficiently and in proportion to its rate of capacity, \$59,291.98, a total of \$259,811.12.

"Q.9. What were the port dues on vessels receiving grain from this elevator while under operation by the Board of Grain Commissioners?

Ans.: Harbor dues, 5¢ per net registered ton on the registered tonnage of the ship, payable five times a year only, \$50.00 per day berthage charge on ships taking grain cargo.

"Q.10.

THE CHAIRMAN: (referring to question 8) Now I presume these figures merely refer to the elevator receipts and expenditures; do not refer, for instance, to the \$50.00 a day berthage charges.

MR. LUCAS: No, but I am going to refer to that.

THE CHAIRMAN: Here is the condition: Supposing that elevator belonged to Smith & Brown or to Davidson & Co. or to any other public elevator company, they would be charging elevator charges according to the tariff of fees set out by the Board of Grain Commissioners, and that would have nothing at all to do with the cargo rates or the expenditure of the Harbor Commission. Apparently there is a confusion here because you have the Harbor Commission and the elevator business. Now if they are both to control and operate the Harbor as a harbor, and then outside of that, being in the elevator business, which anybody might be in, and should be licensed by the Board of Grain Commissioners — there should be a very careful distinction always drawn between the revenues and expenditures of the port Board as operators and owners of the elevator and on the other hand as controllers and managers of the Harbor. Now as I say, in course of time there will be, no

doubt, several elevators owned by private corporations, and these private corporations will produce figures just as you produce now showing what the elevator cost to run, and what the elevator paid, if it paid, and what it lost, if it lost, but there could be no thought of linking that up with Harbor rates, that is to say with Harbor dues. Now confusion arises over the fact that this same body is in two lines of business. It is controlling the whole Harbor, fixing harbor dues, and at the same time it is running an elevator, and you say, "Well, because the elevator pays as an elevator, therefore they should take a different attitude as controllers of the Harbor," -- which is quite a natural inference to arrive at off-hand, but one which won't bear analysis, because they are two totally different things. Supposing they had no elevator; supposing they were simply a Harbor Board without any elevator, and the elevators were owned either by the railway company or by ordinary public terminal elevator companies. These elevators, then, operating under the Board of Grain Commissioners as far as charges are concerned, would charge what they are allowed to charge by them. Whether they made money or whether they lost money, would have absolutely no effect whatever on Harbor dues, because the Harbor dues are fixed having regard to the necessities of the Harbor. Now let us bear that in mind. I mean to say, the Board of Grain Commissioners could not come down in a given year, in my opinion, and say, "Well, now, we lost heavily through the elevator last year, therefore we are going to increase the cargo rates, "

MR. MOTHERSILL: But that is the very thing they have included in setting their increase. They propose to increase the one cent cargo rate to six cents, which will be included in the figures next year.

THE CHAIRMAN: Do they seek to justify that by saying "Our elevator costs us so much; we must increase the charge".

MR. MOTHERSILL: Yes.

MR. FARRIS: Where do you find that statement?

MR. LUCAS: Well, it is here in bold solid figures. My learned friend Mr. Mothersill will take care of that.

MR. FARRIS: -Do I ^{don't} understand yet whether my learned friend

Mr. ^{Lucas} ~~Farris~~ supports or opposes the cargo rates. I have been listening for half an hour and I can't find out yet.

MR. LUCAS: Well, if you will be patient you will hear.

MR. FARRIS: Because as a matter of fact the very body which he is representing supported these figures on cargo rates before, and I would like to find out just what they are doing

MR. LUCAS: Oh, as to that, any statement which has been made before has been made on this basis, that assuming a certain amount is necessary for the conduct of the business of the Harbor and construction, we lack information, because we have never been able to get accurate information until now. We have applied for it time and again and we have never been able to get it until now. This auditor's statement, your lordship, is the first time anything of this nature has ever been brought down. Assuming this amount of revenue is necessary, then it did appear to us, in an uninformed way, absolutely in an uninformed way, that the relative proportion of charges levied against other kinds of cargo, in view of these and the relative amount of charges proposed to be levied against grain, namely six cents, that latter amount did not seem to be unreasonable or out of the way. And we say today that if the Harbor Commissioners can justify these expenditures as being levied against the grain trade, why we have nothing to say,

we have not criticism. But we would like to hear the views of the Harbor Commissioners regarding the adequacy of this income, that is the income proposed based on these figures, which next year, without the increase of the rate from one cent to six cents, would on the same basis show an operating profit of \$340,000.00, that is without any increase at all, and we would like to hear the views of the Harbor Commissioners regarding the adequacy of that income to meet the necessary fixed charges which may be properly levied against the grain traffic, including the necessary facilities to be provided for the purpose of loading the grain out on the ship; and we would like to have these that before saying definitely that we have no objections to the proposed six cent cargo rate.

THE CHAIRMAN: The first thing we shall have to find out is what services are intended to be covered by these cargo rates.

MR. MOTHERSILL: I would suggest that all this will come out in evidence as we proceed.

THE CHAIRMAN: I am merely saying this to clarify the minds of all concerned. They will have to be the basis of enquiry. Here is the charge. What is the service?

MR. MOTHERSILL: The very first part of my examination, after I have finished with Mr. Wilson, will be to enumerate these various charges and get an explanation from the Harbor Board as to what these charges are intended to cover.

MR. FARRIS: You have that explanation already. That explanation was given to the Board by Mr. Hegardt.

~~MR. FARRIS: THE CHAIRMAN:~~

~~THE CHAIRMAN: We have his evidence as far as it goes.--Mr. Hegardt~~

~~Hegardt explain~~

MR. FARRIS: Mr. Hegardt explained it was an adjusting charge, or a tax which the port makes as a general charge and not as a specific charge against any specific thing. It is to make

up any deficiency.

THE CHAIRMAN: We have Mr. Hegardt's expert evidence on the his charges in this port. But I say the starting point is this, here is your cargo charge, now what is the service that you render for it, what is the charge for? If you say that you take into consideration the services you render as elevator operators, well it seems to me you are going to have a hard time to justify it.

MR. MOTHERSILL: I would just leave that to the Harbor Commissioners to answer that question in evidence when they are called.

THE CHAIRMAN: Because if for any reason the elevator requires revenue, well, the elevator charges are the ones to be taken into consideration there. But that gets on to something else.

MR. LUCAS: For these reasons the Trade would strongly deprecate any unnecessary, unwise or extravagant expenditures, or the imposition of any charges made necessary by reason of such expenditures. If it can be shown in this inquiry that the proposed Cargo Rate of 6¢ per short ton is justified by the amount of capital actually expended or proposed to be expended on grain facilities, and that such capital expenditures can properly be stated to be definitely on account of grain handling facilities, and, further, if it can be shown that the profit accruing from operation of the elevators themselves is inadequate to relieve the traffic of further charges for delivery to the ship, then the trade would have no objection to the imposition of the tax as regards its extent (although there might be further objection as regards its nature, to which I will refer later)

Referring to the evidence given before this

Commission by Mr. Hegardt, port engineer of the Port of Portland, Oregon, to the effect that the charges on grain are lower at this port than at Portland, it must be borne in mind that the Elevator operated at that port by the Commission of Public Docks handles a comparatively small quantity of grain annually as compared with the volume now being handled at Vancouver by the Harbour Commissioners Elevators.

It further must be borne in mind that at Portland, which is a municipal port, with the facilities owned and operated by the City, there are also privately owned and operated elevators with loading docks in connection. The charge made in Portland by the Commission of Public Docks for delivery to the ships' holds (equivalent to our "cargo rate") is there called "spotage" and is 10¢ per ton.

MR. FARRIS: Is my learned friend giving evidence? He has not furnished me with any information of this kind. I don't know what facts he has to bear out this statement.

MR. LUGAS: This charge is for the specific service of delivery of the grain, and the Commission cannot and do not levy any charge of grain shipped over docks other than their own.

THE CHAIRMAN: You are giving evidence which might have been brought out from Mr. Hegardt when he was under cross-examination here. This is not the stage to give it, anyhow. What is your attitude? You have given us a recital of certain facts and figures. I suppose now that you intend to do what Mr. Metherill did, give us an idea of what your attitude is. He has given us three grounds on which he contends that these cargo rates are not justifiable, and so far you have only told us this, that your people do not object to the rates in themselves because you figure them out to mean a very small tax

on a bushel of wheat, but you say you have a lot of information as to whether they are really necessary or not. Then you say that if the proper information when elicited shows they are necessary, well and good, then you are prepared to stand by them. Well now, have you anything really more to say than that? so far as outlining your attitude is concerned.

MR. LUCAS: Only this, Mr. Commissioner, that commencing from the point that we have had no information upon which we could come to a considered conclusion as to whether the rate was necessary or not, and having in mind here- too, that the Trade here is between two fixed-^{ends} ~~units~~, the price at Liverpool is one end and the price on the prairie is the other end, and they have to adjust the difference here, that we are directly concerned with the amount of capital expenditure in this Harbor which the Harbor Commissioners have adopted the policy of charging up to the Grain trade and saying, "You must meet that". For instance, as an example, in this statement you will see that one-third of the capital charge of the Ballantyne pier must be levied against the grain trade, and the charge against grain in the harbor as distinct from elevator charges must be so levied for interest and sinking fund, and --

THE CHAIRMAN: Are you against that principle?

MR. LUCAS: We are against that principle, but --

THE CHAIRMAN: If I understand you, Mr. Lucas, your position here is that you are simply watching this thing.

MR. LUCAS: Absolutely.

THE CHAIRMAN: That you wish to find out what information Mr. Harris and Mr. Motherwill will advance for us?

MR. LUCAS: And, your lordship, if the circumstances justify --

THE CHAIRMAN: Your attitude will be determined later.

MR. LUCAS: And, with permission, if the circumstances justify, to examine, perhaps, some of the witnesses.

THE CHAIRMAN: Oh yes.

MR. LUCAS: Or perhaps to put in some evidence of our own. We want information.

THE CHAIRMAN: You will have full opportunity to examine these witnesses and to give your own evidence.

MR. VAN ALLEN: Mr. Chairman, yesterday morning the question of the production of some correspondence came up. I have just spoken to Mr. Harris and he says he has not produced the correspondence yet. I wanted the productions over the week-end, so that no time will be lost next week.

MR. HARRIS: I have no correspondence which has any direct or indirect bearing on the question in issue, and that is what you asked me for.

THE CHAIRMAN: The correspondence was for what purpose?
ARMOUR

MR. VAN ALLEN: Connecting up Smith & Davidson.

MR. HARRIS: That would be the ultimate object of the demand. The correspondence, as I remember it, was correspondence pertaining to the appointment of Mr. Cook in a certain capacity.

MR. VAN ALLEN: That is what followed the correspondence.

MR. WOODS: I think he told us there were forty-seven old letters.

MR. HARRIS: That is what Mr. Van Allen asked for, but I do not for a minute admit they are relevant.

MR. MOTHERSILL: I had an opportunity to look over the file, and along with ^{my} learned friend Mr. Slocum we simply went over the file in a hurry, glancing over the letters, and I had not an opportunity to read the letters carefully at all, and I made out a list of the letters that I considered were relevant to the case, hoping we would get copies of them, and when we

get copies of them then we can read them over carefully, and if I happen to get some that are not relevant of course we would not bother to take them in.

THE CHAIRMAN: Here is the matter we are enquiring into, Mr. Farris. It does not matter whether you consider this important or not, but we have decided to find out the facts concerning the employment of Mr. Cook by your Commission on a certain occasion. Now there is an order for the production of all documents that have any reference to the employment. Do you take the responsibility of saying that there are no such documents?

MR. FARRIS: There is one letter refers to his acknowledging the notification of his employment. I know of nothing else.

MR. VAN ALLEN: We gave my learned friend a list of the letters we wanted produced, and also at the first of the week I wrote my learned friend a letter in which I said "I want produced the correspondence which took place between Colin McLean and the Harbor Board, and the Harbor Board and the Metcalf Company."

THE CHAIRMAN: About this?

MR. VAN ALLEN: About this very same matter. Mr. Cook's name may not be mentioned in every one of them. I can't say. I have not seen the correspondence.

MR. FARRIS: Here is a matter in which I must take responsibility as Counsel for the Commissioners. We have certain charges made against us, and which we are here to meet. There are certain matters which cannot possibly come within the jurisdiction of this Commission. They are matters of internal discussion between engineers, or a technical nature, which, I take the position, have no bearing upon this enquiry and which it is against public policy to produce. Now I am quite prepared

to produce all correspondence for submission to the Commission themselves, as to whether these documents should be brought before the Board or not; but it is not for Mr. Van Allen to decide. Or I would be very glad to do this, to save the Commission trouble: I would be very glad for Mr. MacDonald, who is partly interested, and Mr. Woods, as representing the Commission, to have the whole correspondence submitted to them.

MR. WOODS: No, I would rather not do that. The best way, as your lordship knows, when a matter comes up on an affidavit of production, and one party says "This has nothing to do with it" and the other says "It has", it is submitted to the Court to decide whether it has or not; and I think Mr. Farris' suggestion is the best. Let those letters that have been agreed upon between Mr. Mathersill and Mr. Sloan, who apparently

MR. FARRIS: Mr. Sloan did not agree upon anything.

MR. WOODS: ----- made a list; let that list be put in the hands of the Commission and let them say whether that list or any portion of it comes within the scope of the demand.

THE CHAIRMAN: That is the proper course. There is no use having any further misunderstanding about this. We shall want to have Mr. Van Allen's list showing what he wants, so that we know we are getting everything, and Mr. Farris will give us the whole thing.

MR. WOODS: You have the list?

MR. SLOAN: I have the list.

MR. VAN ALLEN: The correspondence starts with the 12th of December, 1923, and is on and after that date.

THE PROCEEDINGS were adjourned until Monday,
June 2nd, 1924.

APPENDIX "A".

Precis of Report, other than statistical tables,
by Auditors to Vancouver Harbour Commissioners.

-51-5-24-

The subjoined Letter dated May 10th, 1924, and comprising part of exhibit 30, addressed by Messrs. Wilson & Wilson, chartered accountants, of Vancouver, to the Chairman and Members of the Royal Grain Inquiry Commission, sets out the finding of the firm made pursuant to the directions contained in a letter from Mr. W. B. Farris, Counsel to the Harbour Commissioners, under date April 2nd, 1924 and constituting a part of the same exhibit, as follows:

"As you were appointed Auditors for the Harbour Commission, on its incorporation, and have acted as such throughout the regime of the various Commissioners, I would like you to prepare a report, addressed the Chairman and Members of the Royal Grain Enquiry Commission, generally dealing with the Harbour Board's management and operation, and ~~particularly~~ particularly dealing with their operations in connection with the elevators now under their control.

I would ask you to prepare a general statement showing the amount expended in Vancouver, in reference to grain facilities, and also give, from the facts which are before you, the estimated earnings from such facilities. In this connection it would be well to prepare a comparison between the charges made by the Vancouver Harbour Commissioners, in respect of handling grain through their elevators here, and similar charges made by other Ports, such as Montreal, Fort William, Portland - Seattle.

I would especially direct your attention to the question of increased cargo rates.

As you are aware the cargo rates are being increased on grain, from one to six cents per ton, and such increase is not an actual increase. as the berthing charges on vessels

loading grain, are being eliminated and the tonnage charge on such ~~smaller~~ vessels is being reduced from five to three cents, per ton.

Would be glad if you would look up, if possible, the tonnage of the various vessels coming into the Port, for loading grain, - the length of time for which they would have to pay berthage charges, and work out, if possible, what the actual net increase of this cargo rate means.

As the question of personnel and management has been brought up, I would like you to carefully check up the permanent employees, particularly in connection with the elevator, giving their rate of pay, hours worked, etc., - and as to their general efficiency. In fact, I would particularly like you to state whether they are over-staffed and whether the efficiency of the Harbour Board's operation compares favorable with that of a private corporation, or concern.

It might not be out of place to mention as to whether the Harbour Board has a proper system of accounting, and carry on their business in a business-like manner, and whether or not as Auditors, you have access to all vouchers and accounts, and are furnished from time to time, with the fullest of information."

WILSON & WILSON
CHARTERED
ACCOUNTANTS
VANCOUVER, B.C.

CHAIRMAN AND MEMBERS,

ROYAL GRAIN ENQUIRY COMMISSION,
VANCOUVER, B. C.

GENTLEMEN:

In pursuance to the letter received from the Vancouver Harbour Commissioners' Counsel, Mr. Farris, dated April 2nd, 1924, a copy of which we attach, we have prepared and annex hereto, the following statements:

1. Comparison of Elevator charges at Vancouver and various other points.
2. Statement showing capital investment in grain facilities, and estimated results of the operations of elevators for the present and next season.
3. Comparison between old and new charges for Cargo rates and Harbour dues on grain.
4. Personnel of the management and staff at Elevator.
5. Comparison of Harbour charges at Vancouver and various other Ports, figured on general merchandise, exclusive of grain.
6. Comparison of charges against cargo and steamer, on a vessel discharging 1,500 tons of general merchandise at Vancouver and various other ports.
7. General revenue and expenditure statement, exclusive of Elevators, estimated for the year 1924.

These statements have been carefully compiled, and the figures and data in same have been verified and checked by the heads of the Harbour Boards various departments.

31-5-24-

We have made the statement as self explanatory as possible, and some of the outstanding features in same may be shortly summarized as follows:

The comparative statement of Elevator charges for handling bulk grain shows that the charges in Vancouver are 34% lower than in Montreal and Quebec

26%	"	"	"	Seattle and Portland
20%	"	"	"	Astoria.
4%	"	"	"	Saskatoon, Moose Jaw and Calgary
18%	"	"	"	Ft. William & Ft. Arthur.

The latter being Lake Points, their Harbour facilities expense is of course very much smaller than in Vancouver, while ~~the~~ in Saskatoon, Moose Jaw and Calgary, there are no expense of this nature.

As the Elevator operations have not yet been under the control of the Harbour Commissioners for a full cereal year, it is impossible to state accurately what the net operating profit per bushel will be. We have however, from the figures available to date, estimated the profit at one-half cent per bushel, and do not anticipate it will exceed this amount.

Working on this basis, and on an estimated turn-over of fifty million bushels for the season, and allowing credit for all barge rates on grain, the Elevator will show a deficiency in providing interest on the investment in the Elevator, the Lapointe Pier facilities necessary to handle the output from the Elevator, and the sinking fund which is spread over a period of twenty-five years.

This deficiency, which is estimated to be over \$26,000, will require to be absorbed out of general Harbour revenue.

In figuring out the deficiency mentioned, no allowance has been made for any portion of the Commissioners' administration expenses, and only the cost of superintendence, staff, and charges at the Elevator, have been included.

The cereal year 1924/1925, estimating that No. 1 Elevator and No. 2 Elevator, will handle say thirty million bushels each, or a total of sixty million bushels, and allowing the same rate of operating profit, and credit for Cargo rates (on an estimated basis of 100,000,000 bushels through the Harbour) will, we figure, show a very much higher deficiency in providing for Interest and Sinking Fund on both Elevators and the Harbour facilities necessary to handle the output.

The comparison between old and new Cargo rates and Harbour dues on bulk grain, shows that there is only an increase of 1/25th. of a cent per bushel, or 1-1/5¢ a ton in the new rates over the old.

On sacked grain there is no increase, in fact, the new rates are slightly less.

It must be noted that in respect of the comparisons between Vancouver, Montreal, Port William and Portland, that the construction of Port facilities is very much cheaper in the three last mentioned than in Vancouver, as they are all fresh water Ports, while Vancouver is a salt water Port. The cost of constructing at salt water, is, as a rule, from fifty to two hundred per cent higher than at fresh water.

It must also be borne in mind that the construction at Montreal, Port William, Portland and Seattle, was carried on in pre-war days, when the cost of construction was greatly

below present cost, and consequently below the cost at the time the principal facilities in Vancouver were constructed.

There is also to be taken into consideration, the larger volume of business handled by the Ports mentioned, with consequent larger revenue and proportionately reduced overhead.

It is anticipated that the volume of business in Vancouver will so increase that not only will all operative, interest and sinking fund charges be taken care of, but that, within a reasonably short period of time, the Port charges may be still further reduced.

In regard to the business methods adopted by the Harbour Commissioners, and the personnel and efficiency of the staff employed by the Commissioners, we are glad of the opportunity to place ourselves on record and state as follows:-

(a) We have been the Auditors for the Board of Harbour Commissioners since its inception, and have at all times been in close touch with the various departments, and have assisted in systematizing such departments. In addition, acting on the instructions of the Commissioners, we have continually checked the work of the various departments as to ascertain if the work of each department is carried on on a strictly business basis, and with the same degree of efficiency as is usually found in a well-organized private corporation, as it has been the express wish of the Commissioners to the heads of the various departments that the work should be so carried on.

(b) We found that a healthy spirit of competition, coupled with complete co-operation, exists between the heads of the various departments. From the head of each department down, the employees are not only highly efficient, but loyal workers, having no regard for length of working hours, as in many instances members of the staff have worked as high as 16 hours a day, with the result that each department is being carried on with absolutely the minimum staff.

(c) The Commissioners have an up to date and thoroughly efficient accounting system, and all purchases and expenditures of money are carefully scrutinised, in order to obtain the maximum results at a minimum cost.

(d) We are also the auditors for large private corporations, and are therefore in a position to compare the operations of the Commissioners with such private corporations, and we find that the business efficiency of the operations of the Vancouver Harbour Commissioners compares most favorably with those of private corporations. To our mind this fact is worthy of special note, as from our experience at least it is a distinct departure from the methods usually prevailing in public departments, or institutions.

(e) At all times we have had access to all the vouchers and accounts, and have been cheerfully furnished with any information required by us.

REPORTED BY

(SGD.) WILSON & WILSON

CHARTERED ACCOUNTANTS.

10th, May, 1924

VANCOUVER, B. C.

APPENDIX "B"

Exhibit 29, being an article in an Edmonton newspaper, published Tuesday, May 8th, 1924, produced by G.H. Van Allen, Esq., relative to that portion of the Inquiry directed to the activities of the British Oriental Grain & Elevator Co.; president, Mr. K.A. Blatchford.

.

"VANCOUVER, B.C. May 5:- Blatchford, once a steamer, now a floating grain elevator. The vessel is being converted at a cost of \$80,000. When completed her value will be \$500,000, it is stated. The vessel gets its name from Mayer H.A. Blatchford, of Edmonton, president of the B. & O. Grain Company.

Grain is spouted into the three compartments of the boat, which act as separate bins and can thus keep apart different grades. When the time comes to unload, valves are opened at the bottom of each runway. The grain then drops on to belt and is carried forward and shot into a hopper. There it is picked up in the endless chain of buckets and carried to the top of the tower and thrown into another hopper, thence flowing down the spout which can be directed to either side of the Blatchford, as occasion arises.

Running fore and aft is a ridge like the roof of a house, and after the fashion of the inverted 'V's giving sectional views of the smaller ridges which guide and hurry the grain towards the valves. In this way man power is cut down to the minimum, gravity doing the work.

To sheet this grain at the fast clip of 35,000 bushels an hour the belt along the ship's bottom moves like a gale of wind, and is driven by special engines shown in the after end of the drawing. The The Blatchford, 281 feet over all, is a particularly stout wooden vessel, built in the United States during the war, but never used. Seeing the need of lightcrage service here, the British/Oriental Grain Company picked her up.

Three separate 'skins' of timber ensure the absolute dryness

of the grain, and to show her worthiness owners point out that her bilge pumps have not yet been required.

The conversion is being carried out by the Pacific Construction Company at their Granville Island plant. John Alexander, an artist-draughtsman for the firm, drew the illustration.

(Illustration appended).

APPENDIX "C". - Exhibit 1435.

VANCOUVER HARBOUR COMMISSIONERS.

Vancouver, B.C.

May 15th, 1924.

Dear Sirs,-

I am instructed by the Commissioners to invite tenders on \$650,000.00 worth of 5½% debentures which they propose issuing in the near future, secured on the revenue of the Corporation.

By an Act of Parliament all bonds or debentures issued rank equal as regards principal and interest.

The Debentures at present outstanding are those issued to the Dominion Government and which amount to \$7,768,900. A total issue of \$10,000,000 has been authorized and the balance will be voted as required by the Commissioners.

Parliament has been asked for a further loan and if the request is granted during the present session such sum as may be voted will be in addition to the \$10,000,000 already authorized.

The Commissioners would like to receive tenders in the following manner:-

- 10 year bonds 1st. payable in Canadian funds.
2nd. payable in Canadian or U.S. funds.
- 15 year bonds 1st. payable in Canadian funds.
2nd. payable in Canadian or U.S. funds.
- 21 year bonds 1st. payable in Canadian funds.
2nd payable in Canadian or U.S. funds.

principal and interest in each case being due and payable at their offices in Vancouver, B.C., and or at any chartered bank or its branches which may be designated by the Vancouver Harbour Commissioners.

Tenders on the above described forms for the whole of the issue will be received by the undersigned up to noon, Friday 22nd instant.

WGS:BW.

W.G. Stickney, Acting Secretary.

ROYAL GRAIN ENQUIRY COMMISSION

I N D E X

TO

SPECIAL SITTINGS AT VANCOUVER

(2 VOLS.)

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SUPPL-2
CANADA ROYAL GRAIN INQUIRY
COMMISSION

NZ 40810355 GOV PUR



Date _____ Drum _____

~~ENCLOSURE APR 30 1989~~

APR 24 RETURN

